HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING FEBRUARY 27, 2013 APPLICATION SUMMARY

NAME OF PROJECT:

Tennova Healthcare-North Knoxville Medical Center

PROJECT NUMBER:

CN1211-056

ADDRESS:

7565 Dannaher Drive

Powell (Knox County), TN 37849

LEGAL OWNER:

Metro Knoxville HMA, LLC d/b/a Tennova

Healthcare

200 E. Blount Street, Suite 600

Knoxville (Knox County), TN 37849

OPERATING ENTITY:

Not Applicable

CONTACT PERSON:

Jeffrey D. Potter, Senior Vice President

(865) 632-5605

DATE FILED:

November 14, 2012

PROJECT COST:

\$4,377,421.00

FINANCING:

Cash Reserves

PURPOSE OF REVIEW:

Initiation of Diagnostic Cardiac Catheterization

Services and Acquisition of Cardiac Catheterization

Equipment

DESCRIPTION:

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare, North Knoxville Medical Center is seeking approval of diagnostic cardiac catheterization services at its facility located at 7565 Dannaher Drive, Powell (Knox County), TN 37849. If approved, the 108 bed hospital will finish out shell space on the second floor of the existing hospital near the operating room suites to add one dual cardiac catheterization/vascular lab with a control room. The applicant will acquire a Phillips Allura Xper LD20 system for cardiac/vascular surgery equipment and place it in a newly renovated 3,263 square foot area dedicated exclusively for the

diagnostic cardiac catheterization laboratory. The project will also include an additional 4,491 square foot renovated area that includes additional waiting areas and a prep/recovery expansion. The applicant indicates the proposed adult diagnostic cardiac catheterization laboratory will be available to schedule vascular surgery on Mondays from 7:00 am until 3:00 pm and Cardiac Catheterizations on Tuesdays and Wednesdays also from 7:00 am until 3:00 pm.

SPECIFIC CRITERIA AND STANDARDS REVIEW:

Cardiac Catheterization Services

Applicants proposing to provide any type of cardiac catheterization services must meet the following minimum standards:

I Compliance with Standards: The Division of Health Planning is working with stakeholders to develop a framework for greater accountability to these Standards and Criteria. Applicants should indicate whether they intend to collaborate with the Division and other stakeholders on this matter.

The applicant intends to collaborate with the Division and other stakeholders.

It appears that this criterion is met.

2. Facility Accreditation: If the applicant is not required by law to be licensed by the Department of Health, the applicant should provide documentation that the facility is fully accredited or will pursue accreditation by the Joint Commission or another appropriate accrediting authority recognized by the Centers for Medicare and Medicaid Services (CMS).

The applicant has provided documentation that the applicant is licensed by the Department of Health and certified by the Joint Commission.

It appears that this criterion is <u>met.</u>

3. Emergency Transfer Plan: Applicants for cardiac catheterization services located in a facility without open heart surgery capability should provide a formalized written protocol for immediate and efficient transfer of patients to a nearby open heart surgical facility (within 60 minutes) that is reviewed/tested on a regular (quarterly) basis.

The applicant has a transfer agreement protocol with Physicians Regional Medical Center located eight (8) miles south of the applicant.

It appears that this criterion is met.

4. Quality Control and Monitoring: Applicants should document a plan to monitor the quality of its cardiac catheterization program, including, but not limited to, program outcomes and efficiency. In addition, the applicant should agree to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation 2.

The applicant has provided a plan to monitor quality and states the quality enhancement efforts by the State of Tennessee will be followed.

It appears that this criterion is met.

5. Data Requirements: Applicants should agree to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees to provide all reasonably requested data.

It appears that this criterion is <u>met.</u>

6. Clinical and Physical Environment Guidelines: Applicants should agree to document ongoing compliance with the latest clinical guidelines of the American College of Cardiology/Society for Cardiac Angiography and Interventions Clinical Expert Consensus Document on Cardiac Catheterization Laboratory Standards (ACC Guidelines).

Where providers are not in compliance, they should maintain appropriate documentation stating the reasons for noncompliance and the steps the provider is taking to ensure quality. These guidelines include, but are not limited to, physical facility requirements, staffing, training, quality assurance, patient safety,

screening patients for appropriate settings, and linkages with supporting emergency services.

The applicant has agreed to comply with the latest clinical and physical environmental guideline of the American College of Cardiology/Society for Cardiac Angiography and Interventions Clinical Expert Consensus Document on Cardiac Catheterization Laboratory Standards (ACC Guidelines).

It appears that this criterion is met.

7. Staffing Recruitment and Retention: The applicant should generally describe how it intends to maintain an adequate staff to operate the proposed service, including, but not limited to, any plans to partner with an existing provider for training and staff sharing.

Experienced staff from Tennova's two other hospitals in metro Knoxville provide cardiac catheterization services, experienced staff from these programs will provide training and staff support.

It appears that this criterion is met.

8. Definition of Need for New Services: A need likely exists for new or additional cardiac catheterization services in a proposed service area if the average current utilization for all existing and approved providers is equal to or greater than 70% of capacity (i.e., 70% of 2000 cases) for the proposed service area.

The average utilization of eight hospitals providing cardiac catheterization services in the eleven (11) county service area was 94.3% of capacity in 2011.

It appears that this criterion is <u>met.</u>

9. Proposed Service Areas with No Existing Service: In proposed service areas where no existing cardiac catheterization service exists, the applicant must show the data and methodology used to estimate the need and demand for the service. Projected need and demand will be measured for applicants proposing to provide services to

residents of those areas as follows:

Need. The projected need for a service will be demonstrated through need-based epidemiological evidence of the incidence and prevalence of conditions for which diagnostic and/or therapeutic catheterization is appropriate within the proposed service area.

Demand. The projected demand for the service shall be determined by the following formula:

- A. Multiply the age group-specific historical state utilization rate by the number of residents in each age category for each county included in the proposed service area to produce the projected demand for each age category;
- B. Add each age group's projected demand to determine the total projected demand for cardiac catheterization procedures for the entire proposed service area.

There are currently eight (8) existing cardiac catheterization providers in the proposed eleven (11) county services area.

It appears that this criterion is met.

- 10. Access: In light of Rule 0720-4-.01 (1), which lists the factors concerning need on which an application may be evaluated, the HSDA may decide to give special consideration to an applicant:
 - a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Scott and Union counties in the proposed service area encompasses medical underserved areas.

It appears that this criterion is <u>met.</u>

b. Who documents that the service area population experiences a prevalence, incidence and/or mortality from heart and cardiovascular diseases or other clinical

conditions applicable to cardiac catheterization services that is substantially higher than the State of Tennessee average;

There are six counties (Claiborne, Cocke, Scott, Campbell, Union, and Sevier counties) in the proposed service area with a higher average age-adjusted rate higher than the State rate of 317 deaths per 100,000.

It appears that this criterion is met.

Who is a "safety net hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

The applicant is not a safety net hospital.

It appears that this criterion is not met.

with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

The applicant contracts with AmeriChoice and BlueCare in East Tennessee and participates in the Medicare program.

It appears that this criterion is met.

Specific Standards and Criteria for the Provision of Diagnostic Cardiac Catheterization Services Only

If an applicant does not intend to provide therapeutic cardiac catheterization services, the HSDA should place a condition on the resulting CON limiting the applicant to providing diagnostic cardiac catheterization services only. Applicants proposing to provide only diagnostic cardiac catheterization services should meet the following minimum standards:

11. Minimum Volume Standard: Such applicants should demonstrate that the proposed service utilization will be a minimum of 300 diagnostic cardiac catheterization cases per year by its third year of operation. Annual volume shall be measured based upon a two-year average which shall begin at the conclusion of the applicant's first year of operation. If the applicant is proposing services in a rural area where the HSDA determines that access to diagnostic cardiac

catheterization services has been limited, and if the applicant is pursuing a partnership with a tertiary facility to share and train staff, the Agency may determine that a minimum volume of 200 cases per year is acceptable. Only cases including diagnostic cardiac catheterization procedures as defined by these Standards and Criteria may count towards meeting this minimum volume standard.

The applicant is expecting to perform 782 cardiac catheterizations in the third year of the proposed project.

It appears that this criterion is met.

12. High Risk/Unstable Patients: Such applicants should (a) delineate the steps, based on the ACC Guidelines, that will be taken to ensure that high-risk or unstable patients are not catheterized in the facility, and (b) certify that therapeutic cardiac catheterization services will not be performed in the facility unless and until the applicant has received Certificate of Need approval to provide therapeutic cardiac catheterization services.

The applicant plans to transfer high-risk or unstable patients to Physicians Regional Medical Center or Turkey Creek Medical Center. The applicant has certified that therapeutic cardiac catheterization services will not be performed until the CON approval to provide therapeutic services is granted.

It appears that this criterion is met.

13. Minimum Physician Requirements to Initiate a New Service: The initiation of a new diagnostic cardiac catheterization program should require at least one cardiologist who performed an average of 75 diagnostic cardiac catheterization procedures over the most recent five year period. All participating cardiologists in the proposed program should be board certified or board eligible in cardiology and any relevant cardiac subspecialties.

The applicant has included the minimum physician requirements to initiate a new diagnostic cardiac catheterization program into their credentialing policies and procedures.

It appears that this criterion is met.

SUMMARY:

North Knoxville Medical Center (North Knoxville) is a 108 bed hospital operating as a satellite location of Metro Knoxville HMA, LLC, dba Tennova Healthcare. Tennova Healthcare (formerly Mercy Health Partners) operates Physician's Regional Medical Center (Physician's Regional"), North Knoxville Medical Center and Turkey Creek Medical Center (Turkey Creek") in Knox County under one hospital license and Medicare provider number. As a whole, Tennova Healthcare is licensed for 903 beds and staffs 553 of those beds over the three facilities. A bed complement chart for Tennova Healthcare is included in Attachment A.9. In total, Tennova Healthcare offers inpatient and outpatient services in sixteen counties in East Tennessee.

Cardiac Catheterization Services were initially approved as part of the original Certificate of Need to build the applicant's new inpatient facility when it was formerly known as St. Mary's Medical Center North. A decision was made by St. Mary's Medical Center North to not initiate cardiac services while the facility was in the early stages of service development. (Note to Agency Members: Certificate of Need CN0404-032A was originally approved at the July 28, 2004 Agency meeting for the establishment of a satellite hospital and initiation of cardiac catheterization laboratory services. The approval of cardiac catheterization services as part of the original CON was never implemented). The applicant indicates there is now a need to initiate cardiac catheterization and vascular surgery since the hospital has been growing in volume, offering more complex services, and expanding medical staff over the past five (5) years.

The proposal to initiate diagnostic cardiac catheterization services involves building-out shell space within the hospital as a dual catheterization/vascular lab, support areas for the lab, an expanded waiting room and additional pre-operative and post-operative space. A future second lab is planned but the space will remain shelled until there is additional need. The applicant states patient convenience and safety will be enhanced by providing cardiac catheterization and vascular surgery in a location that will be accessible by those residing in the proposed service area.

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare, North Knoxville Medical Center is wholly owned and operated by Health Management Associates, LLC located in Naples, Florida. In addition to the three inpatient campuses operating under one license (Physician's Regional Medical Center, North Knoxville Medical Center and Turkey Creek Medical Center), Tennova also owns Jefferson Memorial Hospital (Jefferson County), LaFollette Medical Center and Newport Medical Center.

According to the 2011 Joint Annual Report, North Knoxville Medical Center (North Knoxville) is licensed for 108 beds and staffed for 72 beds. Of the 108 licensed beds, ninety-six (96) beds are medical beds, while twelve (12) are ICU/CCU beds. The 2011 licensed bed occupancy was 31%, while the staffed bed occupancy was 46.6%. There is no proposed change to the applicant's licensed bed complement.

Licensed Beds- The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed isolettes (neonatal intensive or intermediate care isolettes).

Staffed Beds-The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.

The applicant's declared service area consists of the following eleven (11) counties in East Tennessee: Anderson, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Scott, Sevier, and Union. The applicant states approximately 95% of the inpatient services at North Knoxville come from those eleven counties. A map of the proposed service area is included in Attachment B.I. Project Description 4.

The current aggregate population of the applicant's service area counties is 895,049. By 2017, the service area population is expected to grow by 2.8% to 919,831. The applicant's target population of adults ages 65+ is expected to increase by 12% between 2013 and 2017 as compared to a 12.2% increase statewide. The percentage of the proposed service area population enrolled in TennCare is 18% as compared to the statewide enrollment of 18.9%.

The applicant indicates the projected utilization of the cath lab is expected to be 285 diagnostic procedures in the first year of operation and 306 diagnostic procedures in the second year. The applicant states there is no historical cardiac catheterization data to project utilization other than those emergency room cardiac patients who are transferred to other facilities for further care. The past two years 200-225 emergency department cardiac patients were transferred with 68% requiring cardiac catheterization services. The applicant states the records from Physicians Regional Medical Center indicates that approximately 50% of the original 200-225 patients could have been treated at North Knoxville Medical Center if cardiac catheterization services were available. The applicant states by applying North Knoxville's market share of 7.4% to the service area's 10,571

cardiac catheterizations, the projected volume expected calculates to be 782 procedures.

The applicant proposes to purchase a Phillips Allura Xper LD20 system with an expected useful life of 10 years for cardiac catheterization/vascular surgery at a cost \$1,600,000.00 not including sales tax. The proposed equipment will be equipped to perform the following clinical applications: left and/or right heart catheterization; intravascular ultrasound; endomyocardial biopsy; abdominal angioplasty with runoff; and carotid, renal, and bilateral extremity studies.

There are seventeen (17) cardiac catheterization laboratories in Knox County, two (2) in Anderson County, (2) two in Hamblen County, and one (1) in Sevier County which are now open and serving patients. The reported cardiac catheterization laboratory Joint Annual Report utilization data for the latest three (3) available years is contained in the table below:

11 Proposed Service Area Cardiac Catheterization Labs

County	Facilities	No. of Cath Labs 2011	Total 2009	Total 2010	Total 2011	2011 % Utilization of Standard/ Lab
Knox	Tennova-Physicians Regional (St. Mary's Medical Center)	*3	6,633	7,505	6,535	108.9%
Knox	Tennova Turkey Creek (Baptist Hospital West)	*1	2,580	3,394	3,074	153.7%
Knox	Fort Sanders Regional	4	6,437	5,603	4,572	57.2%
Knox	Parkwest Medical Center	5	13,741	13,408	13,201	132%
Anderson	Methodist of Oak Ridge	2	3,312	3,061	3,286	82.1%
Hamblen	Morristown Hamblen	2	2,849	3,286	3,687	92.2%
Sevier	LeConte (Fort Sanders -Sevier)	1	160	170	484	24.2%
Knox	University of Tennessee Medical Center	4	6,738	7,103	6,669	83.3%
Total		22	42,450	43,530	41,508	94.3%

Source: Tennessee Department of Health, Division of Health Statistics 2011 Joint Annual Report of Hospitals *The applicant's count of cath labs for Tennova Physician Regional and Tennova Turkey Creek included one electrophysiology lab thereby increasing the amount of cath labs to 4 for Tennova Physicians Regional and 2 for Tennova Turkey Creek in the application. The number of cath labs in the table above reflects actual reported 2011 Joint Annual Report data.

The Tennessee Department of Health Statistics latest data indicates the statewide average age-adjusted mortality rate from diseases of the heart was 317 per 100,000 population. As reflected in the table on the following page, nine out of the eleven counties in the proposed service area has a heart and cardiovascular rate higher than the state-wide rate of 228.3 per 100,000 population.

Proposed Service Area Heart and Cardiovascular Mortality Rate

Marshau	Data
	Rate
ot Deaths	
14,489	228.3
206	274.2
135	331.6
104	322.9
125	350.5
56	247.2
172	275.0
133	258.7
903	208.9
56	251.9
253	281.5
37	193.6
	206 135 104 125 56 172 133 903 56 253

Source: CN 1211-056, Tennessee Dept. of Health

Per review of the Projected Data Chart, the project is profitable and is expected to reach a \$423,064.00 net operating income (NOI) after capital expenditures in year one and growing to \$604,999.00 in the second year. The applicant anticipates the proposed gross charges for cardiac catheterization services will average \$16,240.00 per procedure. The applicant projects that its average deduction will be \$12,623.00 per procedure, producing an average net collected charge of \$3,617.00 per procedure. Contractual Adjustments, Provision for Charity Care and Bad Debt will account for 77.7% of Gross Operating Revenue in Year One.

The dual cardiac catheterization/vascular lab will contain general staffing for admitting, pre-op nursing and, post-op nursing departments. The proposed project will also employ one (1) full-time equivalent (FTE) Physician, one (1) FTE First Assist/Cardiovascular OR Technician and two (2) FTE Cardiovascular Technicians.

The hospital is a participating provider in both Medicare and TennCare. The applicant indicates during the first year of operation, Medicare will account for 61% of total revenues (\$2,823,236), while TennCare patients will contribute another 12% (\$555,391) of the project's revenue.

According to the Historical Data Chart the hospital experienced profitable net operating results for the three years reported: \$197,213 for 2009; \$1,284,979 for 2010; and \$5,460,163 for 2011. Average annual NOI was favorable at approximately 9.25% of annual net operating revenue for the year 2011.

The total project cost is estimated at \$4,377,421.00, including: Legal, Administrative and Consultant Fees - \$35,000; Construction Costs -\$1,302,289;

Contingency Fund - \$50,000; Fixed Equipment-\$1,728,000; Moveable Equipment-\$1,252,305 and CON filing fees \$9,827.

Approximately 7,754 square feet of space on the 2nd floor will be renovated. Construction will consist of finishing out shell space to add one dual cardiac catheterization/vascular lab with a control room and support space. Support space will consist of two holding/recovery bays, supply room, physician viewing room, soiled holding area, and on-call room for physicians. In addition, the existing family waiting area for the nearby operating room suites will also be expanded in order to accommodate the dual lab patient's family members. The facility renovation/build-out is estimated at \$1,302,289 or approximately \$167.95 per square foot. The projected cost per square foot is between the median cost of \$177.60/sq. ft. and the 3rd quartile cost of \$273.69/sq. ft. for hospital renovation projects between 2009 and 2011.

A letter of attestation dated November 12, 2012 from Tennova Healthcare's Chief Financial Officer states Tennova Healthcare has the financial resources to fully fund the proposed project of North Knoxville Medical Center. The costs are funded through Tennova's disbursement account that is funded daily by Health Management Associates, LLC. Health Management Associates, LLC's balance sheet as of December 31, 2011 reflects Current Assets of \$1,410,138,000, Current Liabilities of \$803,824,000, and a current ratio of 1.75:1. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

The applicant is accredited by The Joint Commission until July 23, 2014, and licensed by the Tennessee Department of Health with an expiration date of January 1, 2014. Details of the January 12, 2012 Tennessee Department of Health, Division of Healthcare Facilities survey is included on the applicant's supplemental response.

The applicant has submitted the required corporate documents, deed, and major medical equipment and maintenance quotation with their FDA approvals. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in three years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent or denied or pending applications for this applicant.

Outstanding Certificates of Need

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare--North Knoxville Medical Center, CN1206-027A, has an outstanding Certificate of Need that will expire November 1, 2015. The CON was approved at the September 26, 2012 meeting for the initiation mobile of positron emission tomography/computerized tomography (PET/CT) services at Tennova Healthcare - North Knoxville Medical Center (NKMC). Mobile services are being proposed for one (1) day per week. The estimated project cost is \$1,309,471.00. Project Status: This project was recently approved.

North Knoxville Medical Center f/k/a Mercy Medical Center-North, CN1106-019A, has an outstanding Certificate of Need that will expire on 12/1/2014. The CON was approved at the October 26, 2011 Agency meeting for acquisition of a second linear accelerator for its radiation therapy department located on Mercy Medical Center-North campus located at 7551 Dannaher Way, Powell (Knox County), Tennessee 37849. The estimated project cost is \$4,694,671. Project Status Update: After an analysis of Tennova's radiation therapy centers was completed by Health Management, it was determined that the most orderly approach to ensuring that patient care would not be disrupted was to delay adding the second linear accelerator to the North Knoxville Medical Center campus until Tennova's other radiation therapy centers could be upgraded. First an aged linear accelerator was replaced at Physicians Regional Medical Center and upgraded with new hardware and software. Currently, the linear accelerator at Turkey Creek Medical Center is closed while the equipment is being replaced with a new Varian linear accelerator. Upon completion of the aforementioned upgrades, which is expected by July 2013, the health system will address the project to add a second linear accelerator to North Knoxville Medical Center.

Note: Health Management Associates, Inc. has financial interests in this project and other projects as follows:

Pending Applications

HMA Fentress County Hospital, LLC d/b/a Jamestown Regional Medical Center, CN1211-055, has a pending application that will be heard at the February 27, 2013 agency meeting for the conversion of six (6) existing acute care hospital

beds to swing beds located at 436 Central Avenue West, Jamestown (Fentress County). The estimated project cost is \$30,677.00.

Outstanding Certificates of Need

Lebanon HMA, d/b/a University Medical Center, CN1210-051A, has an outstanding Certificate of Need that will expire March 1, 2016. The CON was approved at the January 23, 2013 agency meeting for the initiation of linear accelerator services and acquisition of existing major medical equipment from Southeast Cancer Network, Inc. The estimated project cost is \$4,844,035.00. Project Status: *This project was recently approved*.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, pending or denied applications, or outstanding Certificates of Need from other health care organizations in the service area for projects similar to this application.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME (1/8/12)



2012 NOV -9 AM 10: 39.

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Knoxville News Sentine! which is a newspaper of general circulation in Knox County, Tennessee, on or before November 9, 2012, for one day.

(County)

(Month / day)(Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare, North Knoxville Medical Center, Hospital (Name of Applicant)

(Facility Type-Existing)

owned by: Metro Knoxville HMA Holdings, LLC, d/b/a Tennova Healthcare with an ownership type of Limited Liability Corporation and to be managed by: Metro Knoxville HMA Holdings, LLC, d/b/a Tennova Healthcare intends to file an application for a Certificate of Need

for: the initiation of diagnostic cardiac catheterization services, to be located on the Tennova Healthcare – North Knoxville Medical Center campus, 7565 Dannaher Drive, Powell, TN 37849. The project involves construction and equipping of shell space within the hospital to serve as a dual cardiac catheterization/vascular lab, support areas for the lab, expanded waiting room, and additional pre-operative and post-operative space. No inpatient beds are involved in this project. The anticipated total cost of the project is \$4,377,421.

The anticipated date of filing the application is:

November 14, 2012

The contact person for this project is

Jeffrey D. Potter (Contact Name)

Senior Vice President

who may be reached at: Tennova Healthcare

(Company Name)

200 E. Blount Ave., Suite 600

(Address)

Knoxville

Tennessee (State)

37920 (Zip Code) 865 / 632-5605

(Area Code / Phone Number)

(Signature)

November 8, 2012

jeff.potter@hma.com

(Date) (E-mail Address)

The Letter of Intent must be <u>filed in triplicate</u> and <u>received between the first and the tenth</u> day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency Andrew Jackson Building 500 Deaderick Street, Suite 850 Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY

Tennova Healthcare North Med. Ctr.

CN1211-056

2012 NOV 14 AM 9 59

CERTIFICATE OF NEED APPLICATION

For the

INITIATION OF DIAGNOSTIC CARDIAC CATHETERIZATION
SERVICES
FOR
TENNOVA HEALTHCARE – NORTH KNOXVILLE MEDICAL
CENTER

November 14, 2012

Contact:
Jeffrey D. Potter
Senior Vice President
Tennova Healthcare
200 E. Blount Avenue, Suite 600
Knoxville, TN 37920

SECTION A:

APPLICANT PROFILE

2012 NOV 14 AM 9 59

Met	ro Knoxville HMA, LLC, d/b/a Ten	nova He	althca	re – North	Knoxville Med	lical Cente	er		
Nan									
756	5 Dannaher Drive			Knox					
	eet or Route			County					
					07040				
Pow			TN		37849 Zip Code				
City			State		Zip Code				
2. <u>C</u>	Contact Person Available for R	espons	es to	Questions	2				
.leffi	rey D. Potter		Ser	ior Vice Pr	esident				
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	nova Healthcare			potter@hm ail address					
Con	npany Name			all addices					
	E. Blount Ave., Suite 600	Knoxv	ille		TN				
Stre	et or Route	City			State	Zip Co	de		
Emr	ployee	865-63	32-560	5	865-632-	-5630			
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	ro Knoxville HMA, LLC d/b/a Tenr	iova He	althcar	e	865-632-				
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200	E. Blount Avenue, Suite 600			Knox					
Stre	et or Route			County					
Kno	xville		TN		37920				
City			State		Zip Code				
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B.	Partnership	F.		Subdivision)	0.				
C.	Limited Partnership	G,		Joint Venture					
D.	Corporation (For Profit)		Н,		iability Comp	any	X		
	E. Corporation (Not-for-Profit) I. Other (Specify)								

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. /	Name of Management/Operating	Entity	(If A	pplicable)					
	applicable								
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Stre	eet or Route			County					
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C.	ASTC, Single Specialty		K.	Recupera	tion Center				
D.	Home Health Agency		L.	Rehabilita	tion Facility				
E.	Hospice		M.	Residential Hospice					
F.	Mental Health Hospital		N.	Non-Residential Methadone Facility					
G,	Mental Health Residential Treatment Facility		Ο.	Birthing Co	enter				
Н.	Mental Retardation Institutional		P.	Other Out	patient Facility				
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8. P	urpose of Review (Check) as app	ropria	temo	re than one	e response may apply)				
Α.,	New Institution		G.	_	Bed Complement				
0	Dania ana antifariation 5 324				e the type of change				
B.	Replacement/Existing Facility				ing the appropriate ncrease, Decrease,				
C.	Modification/Existing Facility		1		n, Distribution,				
O .	Wodineation/Existing Facility			Conversion	, Relocation]				
D.	Initiation of Health Care Service		H.	Change of	Location				
	as defined in TCA §68-11-1607(4)	X							
	(Specify) <u>Diagnostic Cardiac</u>								
	Catheterization			Other (O	-:(f.)				
E.	Discontinuance of OB Services		I.	Other (Spe	еспу)				

	V	
F,	Acquisition of Equipment	

	ase indicate current and propos	Current Licensed		Staffed Beds	Beds Proposed	TOTAL Beds at Completion	
A.	Medical	96		60		96	
В.	Surgical						
C.	Long-Term Care Hospital						
D.	Obstetrical						
E.	ICU/CCU	12		12		12	
F.	Neonatal						
G.	Pediatric						
Н.	Adult Psychiatric						
I _e	Geriatric Psychiatric						
J.	Child/Adolescent Psychiatric						
K.	Rehabilitation	91		U			
L.	Nursing Facility (non-Medicaid Certified)						
M.	Nursing Facility Level 1 (Medicaid only)		1				
N.	Nursing Facility Level 2 (Medicare only)						
0.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)						
Ρ.	ICF/MR						
Q.	Adult Chemical Dependency						
R.	Child and Adolescent Chemical Dependency						
S.	Swing Beds						
т.	Mental Health Residential Treatment						
U.	Residential Hospice						
	TOTAL *CON-Beds approved but not yet in service	108		72		108*	

^{*} This is the approved licensed bed complement of beds at North Knoxville Medical Center, which is a satellite of Tennova Healthcare - Physicians Regional Medical Center. A chart showing the total licensed bed complement for Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare is attached as Attachment A.9.

10. Medicare Provider Number <u>44-0120</u> Certification Type <u>Hospital</u>

Tennova Healthcare – North Knoxville Medical Center is a satellite of Tennova Healthcare – Physicians Regional Medical Center. It shares a Medicare provider number with Tennova Healthcare's metro Knoxville hospitals.

11. Medicaid Provider Number 44-0120 Certification Type Hospital

Tennova Healthcare – North Knoxville Medical Center is a satellite of Tennova Healthcare – Physicians Regional Medical Center. It shares a Medicaid provider number with Tennova Healthcare's metro Knoxville hospitals.

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

Not applicable.

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

The TennCare MCOs/BHOs operating in the proposed service area are:

- Blue Cross Blue Care / TennCare Select
- Americhoice

Tennova Healthcare contracts through master provider agreements with each TennCare MCO/BHO operating in the service area.

- Blue Cross BlueCare / TennCare Select utilizing ValueOptions (MCO). Tennova Healthcare – North Knoxville Medical Center is listed as a provider with ValueOptions.
- AmeriChoice TennCare utilizes United Behavioral Health (BHO). Tennova Healthcare – North Knoxville Medical Center is listed as a provider with United Behavioral Health.

There is no current intent to alter participation in these plans.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

Tennova Healthcare is in network with all TennCare MCOs/BHOs in the area.

NOTE:

Section B is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I. Provide a brief executive summary of the project not to exceed two pages.

Topics to be included in the executive summary are a brief description of

proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Project Description

Tennova Healthcare – North Knoxville Medical Center ("North Knoxville"), an acute care, 108 bed hospital, is a satellite location of Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare. In metro Knoxville, Tennova Healthcare provides inpatient care on three campuses, Physicians Regional Medical Center ("Physicians Regional"), North Knoxville Medical Center and Turkey Creek Medical Center ("Turkey Creek"). Those three campuses operate under a single hospital license and Medicare provider number. Tennova Healthcare also includes three community hospitals; Jefferson Memorial Hospital, LaFollette Medical Center, and Newport Medical Center. In total, Tennova Healthcare serves sixteen counties in East Tennessee, offering both inpatient and outpatient services. As the single entity arising out of the merger of the St. Mary's and Baptist Healthcare systems, Tennova Healthcare, formerly Mercy Health Partners, has been providing hospital services to the residents of East Tennessee for over 80 years. Tennova Healthcare is a subsidiary of Health Management Associates, Inc., an investor owned hospital management company based in Naples, Florida.

Tennova Healthcare proposes to initiate diagnostic cardiac catheterization services at North Knoxville Medical Center. The project involves building-out shell space within the hospital and equipping the space to serve as a dual cardiac catheterization/vascular lab with a control room, support areas for the lab, an expanded waiting room for the comfort of patients' family members, and additional pre-operative and post-operative space. North Knoxville is a growing hospital serving north Knox County and ten other rural counties, which include eight medically underserved counties. The purpose of this project is to enhance patient convenience and patient safety by providing diagnostic cardiac catheterization and vascular surgery in a location that is easily accessed by patients in the service area.

Services and Equipment

Within the lab and control room itself, Philips Allura Xper FD20 equipment will be utilized. The Allura FD20 system provides the flexibility to serve the needs of both Cardiologists and Vascular Surgeons through a state of the art monoplane X-ray imaging system conducive to producing high quality outcomes while gaining the efficiency benefits inherent in a dual lab versus single-specialty space. For a more indepth description of the Philips equipment, Attachment B.I.Project Description.1.

In addition to the lab and control room equipment, IT equipment, monitors, headwalls and beds for the pre-and post-operative areas, furniture and miscellaneous equipment will be installed. For a complete listing of moveable equipment, see Attachment B.I.Project Description.2.

Ownership Structure

The site of service for this project is North Knoxville Medical Center ("North Knoxville"), which is a satellite location of Metro Knoxville HMA, LLC, d/b/a Tennova

Healthcare. North Knoxville Medical Center is a satellite location of Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare. In metro Knoxville, Tennova Healthcare provides inpatient care on three campuses, Physicians Regional Medical Center ("Physicians Regional"), North Knoxville Medical Center and Turkey Creek Medical Center ("Turkey Creek"). Those three campuses operate under a single hospital license and Medicare provider number.

Metro Knoxville HMA, LLC is wholly owned and operated by Health Management Associates, LLC, with its home office in Naples, Florida, as shown on the attached organizational chart, Attachment B.I.Project Description.3.

Service Area

While Tennova Healthcare's overall service area encompasses 16 counties, the service area for North Knoxville Medical Center and for this project consists of the following 11 counties in Tennessee: Anderson, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Scott, Sevier, and Union, because residents of these counties account for approximately 95% of the inpatient services at North Knoxville. A map of the service area is included as Attachment B.I.Project Description.4.

<u>Need</u>

Population in the service area is projected to grow 2.9% from 2012-2016, but during that same period, the population growth for those over 65 years old is expected to increase by 12.2%. By 2016, the population in the service area over 65 years of age is projected to be 15.8% of the total population, supporting a continued need for expanding health care services to support the aging population.

According to the most recent Standards and Criteria for Cardiac Catheterization Services, a need likely exists for new or additional cardiac catheterization services in a proposed service area if the average current utilization for all existing and approved providers is equal to or greater than 70% of capacity (i.e. 70% of 2000 cases) for the proposed service area. In North Knoxville's service area, there are eight existing providers, with a total average utilization of 86% of capacity. To see the utilization by each provider, see the chart in Attachment B.I.Project Description.5.

Project Cost

The estimated project cost is \$4,377,421, including the application fee. This reflects the cost of construction and equipment. The room will be equipped with Phillips Allura Xpwe FD20 technology designed for both cardiac catheterization and peripheral vascular procedures. For the equipment quote, see Attachment B.I.Project Description.6.

Construction is required for the project in order to build out shell space that will house the dual cardiac catheterization/vascular lab and control room, as well as support areas, expanded waiting room, and additional pre-and post-operative space. The cost of construction has been estimated at \$1,302,289. See Attachment B.I.Project Description.7 for a copy of the contractor's quote.

Funding and Financial Feasibility

No outside financing will be required to fund the project. The costs of the project will be funded through capital provided by Health Management Associates, Tennova Healthcare's parent company, as part of their commitment to invest a minimum of \$180 million of capital in this region over five years. The project is financially feasible in the first year, as demonstrated in the Project Data Chart.

Staffing

The dual cardiac catheterization/vascular lab will be staffed as follows, in addition to general staffing such as Admitting, Pre-Op Nursing, Post-Op Nursing, and the staff on the nursing unit:

Physician 1.0 FTE First Assist/Cardiovascular OR Technician 1.0 FTE Cardiovascular Technician 2.0 FTE

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Construction will include finishing out shell space on the second floor of the existing hospital, near the operating room suites, to add one dual cardiac catheterization / vascular lab with a control room. Space for a second lab is available but will remain shelled until such time as demand indicates a need for a second lab. Support space will also be finished out, including two holding/recovery bays, as work area, supply room, viewing room for the Physicians, soiled holding area, and on-call rooms for the physicians. The existing family waiting area for the operating room suites will also be expanded in order to accommodate the dual lab patients' family members. Because this space is shell space and is not currently being utilized, no existing services will be relocated or disturbed during the construction process.

	The total cost of construction is \$1,302,289. For supporting detail, see the architect's drawing and quote from Johnson and Galyon Construction, Attachment B.II.A.
B.	Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.
	Not applicable.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

lal	Total	\$60.28	\$300.31	£2000	CIO					ない。	1000年間の大学の大学の大学の大学の大学の大学の大学の大学の大学の大学の大学の大学の大学の	三年 日本	THE SECOND SECON		などは ないのでは ないのう		な形は多かはいい			\$167.95
Proposed Final Cost/ SF	New												の大きの	STATE OF THE PARTY						
	Renovated	\$60.28	\$300.31	\$88.13				一般の ないのかい	· · · · · · · · · · · · · · · · · · ·	TO THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN				一种大型的影響等						\$167.95
_ o	Total	2,636	3.263	1 855	2004											7,754				7,754
Proposed Final Square Footage	New																			
Prop. Squa	Renovated	2,636	3,263	1.855												7,754				7,754
Proposed Final	Location																			
Temporary	Location				я															- A
Existing	SF																			
Existing	Location												-							
A. Unit / Department		Additional Waiting Area	Dual Lab	Prep/Recovery Expansion												B. Unit/Depart. GSF Sub-Total		C. Mechanical/ Electrical GSF	D. Circulation /Structure GSF	E. Total GSF

- C. As the applicant, describe your need to provide the following health care services (if applicable to this application):
 - 1. Adult Psychiatric Services
 - 2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
 - 3. Birthing Center
 - 4. Burn Units
 - 5. Cardiac Catheterization Services
 - 6. Child and Adolescent Psychiatric Services
 - 7. Extracorporeal Lithotripsy
 - 8. Home Health Services
 - 9. Hospice Services
 - 10. Residential Hospice
 - 11. ICF/MR Services
 - 12. Long-term Care Services
 - 13. Magnetic Resonance Imaging (MRI)
 - 14. Mental Health Residential Treatment
 - 15. Neonatal Intensive Care Unit
 - 16. Non-Residential Methadone Treatment Centers
 - 17. Open Heart Surgery
 - 18. Positron Emission Tomography
 - 19. Radiation Therapy/Linear Accelerator
 - 20. Rehabilitation Services
 - 21. Swing Beds

Cardiac catheterization services were approved as part of the original Certificate of Need to build the hospital and provide inpatient services on the campus of what was then known as St. Mary's Medical Center North. Although approved by the Agency, St. Mary's and Mercy Health Partners elected not to initiate cardiac catheterization services while the hospital was still new and developing its service offerings. Over the past five years, the hospital has been growing in the volume and the complexity of services it offers to patients as well as building an expanded medical staff. Diagnostic cardiac catheterization and vascular surgery are logical next steps in terms of expanding the hospital's capabilities.

Since Health Management purchased Mercy Health Partners and launched Tennova Healthcare, there has been an orderly, deliberate process of evaluating how each hospital can best serve the population in its service area, through the investment of capital and expansion of its service offerings to the local community. Tennova Healthcare is committed to offering as many services as possible close to home, only utilizing transfers to its tertiary medical hospital, Physicians Regional Medical Center, for services that are unsupportable in a smaller hospital.

D. Describe the need to change location or replace an existing facility.

Not applicable.

E.	defii milli emis	cribe the acquisition of any item of major medical equipment (as ned by the Agency Rules and the Statute) which exceeds a cost of \$1.5 on; and/or is a magnetic resonance imaging (MRI) scanner, positron ssion tomography (PET) scanner, extracorporeal lithotripter and/or ar accelerator by responding to the following:
	1,	For fixed-site major medical equipment (not replacing existing equipment):
		a. Describe the new equipment, including:
		1. Total cost; (As defined by Agency Rule). 2. Expected useful life; 3. List of clinical applications to be provided; and 4. Documentation of FDA approval. The major medical equipment being proposed is the Philips Allura Xper LD20 system for cardiac catheterization/vascular surgery, for a total cost of \$1,600,000 plus sales tax. The expected useful life of the equipment is ten (10) years. Because the lab will be a dual lab for both cardiac catheterization and vascular procedures, it will be equipped to handle the following clinical applications: • Left and/or right heart catheterization • Intravascular ultrasound • Endomyocardial biopsy • Abdominal angioplasty with runoff • Carotid, renal, and bilateral extremity studies The FDA has certified the equipment for the clinical uses proposed above. A copy of the FDA letter certifiying the
		equipment is attached as Attachment B.II.E.1.a.
		b. Provide current and proposed schedules of operations. The proposed schedule of operations is to schedule vascular surgery one day per week and diagnostic cardiac catheterizations two days per week, starting at 7:00 a.m. each day of surgery. The schedule will be expanded as volumes increase with overall
		growth of the program.
	2.	For mobile major medical equipment:
	۷.	
		a. List all sites that will be served; Not applicable.
		 b. Provide current and/or proposed schedule of operations; Not applicable.
		c. Provide the lease or contract cost

				Not applicable.
			d.	Provide the fair market value of the equipment; and
				Not applicable.
			e.	List the owner for the equipment.
				Not applicable.
			etc.) prop lease of the	rate applicant's legal interest in equipment (i.e., purchase, lease, In the case of equipment purchase include a quote and/or osal from an equipment vendor, or in the case of an equipment e provide a draft lease or contract that at least includes the term e lease and the anticipated lease payments.
				equipment will be purchased. A quote from the equipment vendor is ned as Attachment B.II.3.
		1. Siz 2. Loc 3. Loc 4. Nar Ple Plo	cation cation cation mes cation ease ot pla	er which must include: site (in acres); n of structure on the site; and n of the proposed construction. of streets, roads or highway that cross or border the site. note that the drawings do not need to be drawn to scale. ans are required for all projects. the plot plan of the site is attached as Attachment B.III.(A).
	(B)	any, a	nd to	e the relationship of the site to public transportation routes, if any highway or major road developments in the area. Describe ibility of the proposed site to patients/clients.
		Road of service the No access which patient served	exit, re area orth K s through the provite the three t	ville Medical Center is located 0.2 miles from I-75, at the Emory making it easily accessible by car to residents of its 11 county a. While the Knoxville Area Transit bus system does not service noxville campus, patients in need of transportation may have hugh Knoxville Community Action Committee (CAC) Service vans, de service to those patients who qualify, and give priority to o need transportation for cancer treatment. The campus is also east Tennessee HRA Public Transit (ETHRA) for patients in the a's rural counties.
IV.	patie	nt care	roon	an drawing for the facility which includes legible labeling of ns (noting private or semi-private), ancillary areas, equipment 8 1/2" x 11" sheet of white paper.
	NOT	Ε: <u>DO N</u>	VOT S	SUBMIT BLUEPRINTS. Simple line drawings should be

geographical access. Through both its broad charity care policy as well as full participation in all TennCare and Medicare programs, Tennova and North Knoxville Medical Center strive to ensure care is provided to patients regardless of income.

This application also addresses geographical access to care, or as the Health Plan says, "the distance one has to travel to receive comprehensive care." The plan directly identifies strategies that are in keeping with this project to help promote access to care, including ensuring that geography is not a barrier to critical health services.

- Quality of Care. The 2010 State Health Plan describes high-quality healthcare as care that is:
 - o Safe
 - o Effective
 - o Patient-centered
 - o Timely
 - o Efficient
 - o Equitable (2010 State Health Plan, p. 29)

This project seeks to provide cardiac catheterization and vascular surgery services utilizing equipment that has been certified as clinically safe and effective for its intended uses. The project is patient-centered by ensuring convenient access for those who need more acute services closer to home. Care will be provided more timely to those patients who must now be transferred for cardiac care. It is efficient in terms of avoiding waste, by only providing as much service as is needed. Tennova is committed to providing care in an equitable way, providing the same level of care regardless of race, gender, ethnicity, or socioeconomic status. At North Knoxville Medical Center there is a strong commitment to providing services that are accessible to those patients living in rural, underserved areas.

A. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

See below, for a response to each criterion and standard in the Guidelines for Growth for Cardiac Catheterization Services, as outlined in the State Health Plan.

Standards and Criteria Regarding Certificate of Need Applications for All Cardiac Catheterization Services:

Applicants proposing to provide any type of cardiac catheterization services must meet the following minimum standards:

1. Compliance with Standards: The Division of Health Planning is working with stakeholders to develop a framework for greater accountability to these Standards and Criteria. Applicants should indicate

submitted and need not be drawn to scale.

A floor plan of the proposed construction areas is attached, as Attachment B.IV.

- V. For a Home Health Agency or Hospice, identify:
 - 1. Existing service area by County;
 - 2. Proposed service area by County;
 - 3. A parent or primary service provider;
 - 4. Existing branches; and
 - 5. Proposed branches.

Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

Need

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.

The Five Principles to Achieving Better Health in the State Health Plan are:

- Healthy Lives
- Access to Care
- Economic Efficiencies
- Quality of Care
- Healthcare Workforce

This application contributes to the Five Principles, most notably:

 Access to Care. Two of the key areas identified in the State Health Plan as impacting access to care are economic access and whether they intend to collaborate with the Division and other stakeholders on this matter.

The Applicant intends to fully cooperate with the Division and other stakeholders regarding compliance with standards.

2. Facility Accreditation: If the applicant is not required by law to be licensed by the Department of Health, the applicant should provide documentation that the facility is fully accredited or will pursue accreditation by the Joint Commission or another appropriate accrediting authority authority recognized by the Centers for Medicare and Medicaid Services (CMS).

The applicant is licensed by the Department of Health and the Joint Commission.

3. Emergency Transfer Plan: Applicants for cardiac catheterization services located in a facility without open heart surgery capability should provide a formalized written protocol for immediate and efficient transfer of patients to a nearby open heart surgical facility (within 60 minutes) that is reviewed/tested on a regular (quarterly) basis.

North Knoxville Medical Center does not have open heart surgery capabilities, but does have a transfer protocol to Physicians Regional Medical Center. Physicians Regional has one of the most experienced and respected open heart surgery programs in the region and is located eight (8) miles south of North Knoxville Medical Center, straight down 1-75. The protocol for transfers from North Knoxville to Physicians Regional is attached as Attachment C.Need.A.3.

4. Quality Control and Monitoring: Applicants should document a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiency. In addition, the applicant should agree to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation 2.

Tennova Healthcare has a documented quality program that is comprehensive and includes constant monitoring of patient outcomes and patient safety, performance against national and regional benchmarks, and efficiency. A copy of Tennova's comprehensive quality program is attached, as Attachment C.Need.A.4.

The applicant will cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee.

5. Data Requirements: Applicants should agree to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed

information.

The applicant will provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services. Tennova Healthcare already provides this data on its two other hospitals that offer cardiac catheterization services, and the data is provided from existing data reporting systems and processes.

6. Clinical and Physical Environment Guidelines: Applicants should agree to document ongoing compliance with the latest clinical guidelines of the American College of Cardiology/Society for Cardiac Angiography and Interventions Clinical Expert Consensus Document on Cardiac Catheterization Laboratory Standards (ACC Guidelines). Where providers are not in compliance, they should maintain appropriate documentation stating the reasons for noncompliance and the steps the provider is taking to ensure quality. These guidelines include, but are not limited to, physical facility requirements, staffing, training, quality assurance, patient safety, screening patients for appropriate settings, and linkages with supporting emergency services.

The applicant will document ongoing compliance with the latest clinical guidelines outlined by the ACC. Tennova Healthcare's two other cardiac catheterization programs are in compliance with these standards, and the expertise of personnel already in the healthcare system will be utilized to ensure that this new program is compliant.

7. Staffing Recruitment and Retention: The applicant should generally describe how it intends to maintain an adequate staff to operate the proposed service, including, but not limited to, any plans to partner with an existing provider for training and staff sharing.

Tennova Healthcare's two other hospitals in metro Knoxville already provide cardiac catheterization services. Experienced staff from those two programs will be utilized to provide training and leadership for any newer staff hired for the cardiac catheterization/vascular lab. Knoxville has adequate resources of trained, qualified staff to support the services, and Tennova Healthcare has a robust and long-standing recruiting process with a demonstrated track record of hiring and retaining staff.

8. Definition of Need for New Services: A need likely exists for new or additional cardiac catheterization services in a proposed service area if the average current utilization for all existing and approved providers is equal to or greater than 70% of capacity (i.e. 70% of 2000 cases) for the proposed service area.

Within North Knoxville Medical Center's 11 county service area, there are eight hospitals providing cardiac catheterization services to adults; two of those hospitals are part of the Tennova system. The average utilization in 2011 by those eight hospitals is 86%. See the chart below:

	# of			
	<u>Cath</u>		Proc. Per	% of
<u>Facility</u>	<u>Labs</u>	<u>Total</u>	<u>Lab</u>	Capacity
Tennova - Physicians Reg.	4	6,535	1,634	82%
Tennova - Turkey Creek	2	3,074	1,537	77%
Ft. Sanders Regional	4	4,572	1,143	57%
Parkwest	5	13,201	2,640	132%
Methodist of Oak Ridge	2	3,286	1,643	82%
Morristown Hamblen	2	3,687	1,844	92%
LeConte	1	484	484	24%
UTMC	4	6,669	1,667	83%
Totals with Ave. Utilization	24	41,508	1,730	86%

^{*}Note - Adult patients only; no pediatric patients included. Source - 2012 JAR

9. Proposed Service Areas with No Existing Services: In proposed service areas where no existing cardiac catheterization service exists, the applicant must show the data and methodology used to estimate the need and demand for the service. Projected need and demand will be measured for applicants proposing to provide services to residents of those areas as follows:

Need. The projected need for a service will be demonstrated through need-based epidemiological evidence of the incidence and prevalence of conditions for which diagnostic and/or therapeutic catheterization is appropriate within the proposed service area.

Demand. The projected demand for the service shall be determined by the following formula:

- A. Multiply the age group-specific historical state utilization rate by the number of residents in each age category for each county included in the proposed service area to produce the projected demand for cardiac catheterization procedures for the entire proposed service area.
- B. Add each age group's projected demand to determine the total

projected demand for cardiac catheterization procedures for the entire proposed service area.

Not applicable; the proposed service is in an area with existing service providers.

- 10. Access: In light of Rule 0720-4-.01(1), which lists the factors concerning need on which an application may be evaluated, the HSDA may decide to give special consideration to an applicant:
 - a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

North Knoxville Medical Center's service area encompasses designated medically underserved areas by the United States Health Resources and Services Administration, including areas of Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Scott and Union counties.

b. Who documents that the service area population experiences a prevalence, incidence and/or mortality from heart and cardiovascular diseases and other clinical conditions applicable to cardiac catheterization services that is substantially higher than the State of Tennessee average;

According to the Tennessee Department of Health Statistics, the average age-adjusted mortality rate from diseases of the heart was 317 deaths per 100,000 across Tennessee. The counties in North Knoxville's service area with higher average age-adjusted mortality rates from diseases of the heart are Claiborne, Cocke, Scott, Campbell, Union, and Sevier counties.

c. Who is a "safety net hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

North Knoxville Medical Center is not designated as a safety net hospital.

d. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

North Knoxville Medical Center already contracts with all TennCare MCO's and fully participates in the Medicare program.

Specific Standards and Criteria for the Provision of Diagnostic Cardiac Catheterization Services Only

If an applicant does not intend to provide therapeutic cardiac catheterization services, the HSDA should place a condition on the

resulting CON limiting the applicant to providing diagnostic cardiac catheterization services only. Applicants proposing to provide only diagnostic cardiac catheterization services should meet the following minimum standards:

11. Minimum Volume Standard: Such applicants should demonstrate that the proposed service utilization will be a minimum of 300 diagnostic cardiac catheterization cases per year by its third year of operation. Annual volume shall be measured based upon a two-year average which shall begin at the conclusion of the applicant's first year of operation. If the applicant is proposing services in a rural area where the HSDA determines that access to diagnostic cardiac catheterization services has been limited, and if the applicant is pursuing a partnership with a tertiary facility to share and train staff, the Agency may determine that a minimum volume of 200 cases per year is acceptable. Only cases including diagnostic cardiac catheterization procedures as defined by these Standards and Criteria may count towards meeting this minimum volume standard.

Utilizing the age cohort-specific, population-based demand calculation outlined in standard number 9 above, the projected demand in 2013 from North Knoxville Medical Center's service area is 10,571 diagnostic cardiac catheterizations. To see the details of this calculation, see Attachment C.Need.A.11. North Knoxville's overall inpatient market share in the service area is 7.4%. If North Knoxville Medical Center simply handles its "share" of diagnostic cardiac catheterization volume, it should expect to perform 782 cardiac catheterizations in 2013, as well as the vascular cases that are expected (approximately 100 in the first year). If North Knoxville performed every diagnostic cardiac catheterization in the market for patients for whom it is the closest hospital offering the service, it would perform approximately 2,250 procedures (based on projected volumes from the Clinton side of Anderson county, Campbell, Claiborne, Scott and Union counties, and 10% of Knox county).

However, because cardiac catheterization will be a new service for the hospital, and referral patterns will take some time to develop, the applicant does not anticipate capturing its full market share of diagnostic cardiac catheterizations in the first and second years as the program is developing. In the first year, it is projected that about 35% of the standard market share will be performed, for an estimated 275 diagnostic cardiac catheterizations. By offering a quality service led by highly skilled and reputable physicians in a location that is easily accessible from those portions of the service area, North Knoxville Medical Center expects steady growth of the program over the first three years, until volumes are equivalent with the hospital's overall market share, or approximately 782 cardiac catheterizations per year. With the high quality of Cardiology support provided by East Tennessee Heart Consultants and the convenient location of North Knoxville Medical Center, the minimum standards are expected to be met in the second year of operation of the service.

12. High Risk/Unstable Patients: Such applicants should (a) delineate the steps, based on the ACC Guidelines, that will be taken to ensure that high-risk or unstable patients are not catheterized in the facility, and (b) certify

that therapeutic cardiac catheterization services will not be performed in the facility unless and until the applicant has received the Certificate of Need approval to provide therapeutic cardiac catheterization services.

Appropriate steps will be taken to ensure that high-risk or unstable patients are not catheterized in the facility, but rather are transferred to Physicians Regional Medical Center or Turkey Creek Medical Center for cardiac catheterization. The Applicant certifies that therapeutic cardiac catheterization services will not be performed unless and until Certificate of Need approval to provide therapeutic services is granted.

13. Minimum Physician Requirements to Initiate a New Service: The initiation of a new diagnostic cardiac catheterization program should require at least one cardiologist who performed an average of 75 diagnostic cardiac catheterization procedures over the most recent five year period. All participating cardiologists in the proposed program should be board certified or board eligible in cardiology and any relevant cardiac subspecialties.

Cardiology services at Tennova Healthcare's metro Knoxville facilities are provided by members of East Tennessee Heart Consultants, the region's most experienced and longest-standing cardiology practice. Each of the physicians who will be performing diagnostic cardiac catheterizations in the proposed lab is board certified in cardiology and has a fellowship in Invasive Cardiology. The credentialing requirements for cardiac catheterization privileges with Tennova Healthcare are attached as Attachment C.Need.A.13.

B. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).

Not applicable.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

As part of Tennova Healthcare's overall development plans for its metropolitan Knoxville hospitals, a key focus area for the North Knoxville Medical Center campus has been the growth of the campus as a comprehensive, full-service hospital. North Knoxville has been gradually expanding its service offering since opening the hospital in 2007. One of the key goals for expanding the hospital's services is to reduce transfers of more acute patients to other medical centers, thereby improving the quality of care as well as patient satisfaction and convenience. North Knoxville Medical Center is very easily accessible for any patients travelling south on I-75 from the most rural and underserved communities in the service area. Part of Tennova Healthcare's long-range plans for the hospital is for North Knoxville to provide more

acute services for those patients for whom it is the closest and most accessible Knoxville hospital.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

The service area of the project is an eleven (11) county region of East Tennessee with Knoxville and Knox County at its center. This group is counties where North Knoxville Medical Center draws approximately 94% of its inpatients.

A map of the service area is attached as Attachment C.Need.3.

4. A. Describe the demographics of the population to be served by this proposal.

Between 2012 and 2016, the total service area population is expected to grow from 888,532 to 914,251. This is an increase of 2.9%. See table below.

Total Population by County, 2012 - 2016

		Growth		
County	2012	2016	2012-201	16
Anderson	74,373	75,016	643	0.9%
Campbell	41,882	42,486	604	1.4%
Claiborne	32,519	33,257	738	2.3%
Cocke	36,767	37,681	914	2.5%
Grainger	23,739	24,501	762	3.2%
Hamblen	63,551	65,113	1,562	2.5%
Jefferson	53,483	56,061	2,578	4.8%
Knox	429,161	440,468	11,307	2.6%
Scott	23,253	24,086	833	3.6%
Sevier	88,941	93,612	4,671	5.3%
Union	20,863	21,970	1,107	5.3%
Total	888,532	914,251	25,719	2.9%

Source: Division of Health Statistics, Tennessee Department of Health

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

A closer look at the population's makeup reveals that growth in the senior population (age 65+) continues to outpace growth of other age groups in both the service area and the state as a whole. For both areas, the senior population is expected to grow at a rate of 12.4%. The increase in the number of people in the 65+ group exceeds the increase in all other age groups.

	Service Area
Demographic Variable/Geographic Area	Statistics
Total Population-2012	888,532
Total Population-2016	914,251
Total Population-% change	2.9%
Age 65+ Population-2012	128,686
Age 65+ Population-2016	144,647
Age 65+ Population-% change	12.4%
Age 65+ Population as % of Total (2012)	14.5%

Source: Tennessee Department of Health Statistics

There is a low degree of ethnic diversity in the service area, with close to 90% of the population classified as White Non-Hispanic. This compares to 77% statewide. The largest minority group is classified as Black Non-Hispanic (5% of the total population) and the fastest growing minority group is classified as Hispanic (31% projected growth between 2010 and 2015). See table below.

Service Area Race-Ethnicity Make-up

					2010	2015
				%	% of	% of
Race-Ethnicity	2010	2015	Change	Change	Total	Total
White Non-Hispanic	797,536	827,971	30,435	4%	89%	88%
Black Non-Hispanic	47,919	51,595	3,676	8%	5%	5%
Hispanic	25,736	33,689	7,953	31%	3%	4%
Multiracial Non-Hispanic	11,375	13,468	2,093	18%	1%	1%
Asian Non-Hispanic	9,961	11,711	1,750	18%	1%	1%
Native American Non-Hispanic	2,702	3,047	345	13%	0%	0%
Other Non-Hispanic	713	698	-15	-2%	0%	0%
Pacific Islander Non-Hispanic	306	389	83	27%	0%	0%
Grand Total	896,248	942,568	46,320	5%	100%	100%

Source: US Census Bureau, 2010 Census

Economically, the service area is similar to the state as a whole. The Median Household Income is slightly lower for the service area than for the state. The percentage of service area residents living in poverty is very close to that for the state. The unemployment rate is slightly better for the service area than for the state, even with the recent recession. See tables below.

Median Household Income 2000 to 2015

	2000	2010	2015
Project Service Area	\$30,155	\$35,964	\$38,249
State of Tennessee	\$32,113	\$38,698	\$40,886

	2000	2010	2015
Service Area Median HH Income as a percent of TN Median HH Income	93.9%	92.9%	93.6%

Source: Thomson Reuters – The Market Planner Plus

Unemployment Rate, June, 2012 (11 County)

	Unemployed Civilians	Unemployment Rate
Project Service Area	38,550	8.4%
State of Tennessee	275,600	8.8%
United States	13,400,000	8.6%

Source: TN Dept of Labor & Workforce Development

Currently, it is estimated that approximately half of the service area population is covered by Commercial insurance, with the remaining half split fairly evenly between Medicare, TennCare, and no insurance. Based on successful implementation of the recently enacted Affordable Care Act, the projections for 2015 suggest a drop in the numbers of uninsured by more than half, with the differences absorbed by Medicaid/TennCare, Medicare, and Commercial payers. See tables below.

Insurance Coverage Estimates 2010 and 2015

	Service	Area	State of Tennessee		
	2010	2015	2010	2015	
Medicare	18%	20%	16%	18%	
TennCare	17%	21%	17%	20%	
Commercial	47%	52%	51%	55%	
Uninsured	19%	8%	16%	7%	
TOTAL	100%	100%	100%	100%	

Source: Thomson Reuters - The Market Planner Plus

Insurance Coverage Estimates 2010 and 2015 Post-Reform

	Service Area		State of T	ennessee
	2010	2015	2010	2015
Medicaid	17%	21%	17%	20%
Medicare	14%	15%	12%	14%
Medicare Dual Eligible	4%	4%	4%	4%
Private – Direct	6%	5%	6%	5%
Private – ESI	41%	43%	45%	46%
Private – Exchange	0%	4%	0%	4%
Uninsured	19%	8%	16%	7%
TOTAL	100%	100%	100%	100%

Source: Thomson Reuters - The Market Planner Plus

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy.

Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

There are eight providers of adult cardiac catheterization services in the service area. When all types of procedures are considered, those providers have a combined utilization of 86%. See table below:

	<u># of</u>			
	Cath		Proc. Per	<u>% of</u>
<u>Facility</u>	<u>Labs</u>	<u>Total</u>	<u>Lab</u>	Capacity
Tennova - Physicians Reg.	4	6,535	1,634	82%
Tennova - Turkey Creek	2	3,074	1,537	77%
Ft. Sanders Regional	4	4,572	1,143	57%
Parkwest	5	13,201	2,640	132%
Methodist of Oak Ridge	2	3,286	1,643	82%
Morristown Hamblen	2	3,687	1,844	92%
LeConte	1	484	484	24%
UTMC	4	6,669	1,667	83%
Totals with Ave. Utilization	24	41,508	1,730	86%

^{*}Note - Adult patients only; no pediatric patients included.

Source - 2012 JAR

There are no approved, unimplemented projects initiating cardiac catheterization services in the service area.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

As a new service at North Knoxville Medical Center, there is no historical utilization data available, other than the number of patients being treated at North Knoxville who present to North Knoxville Medical Center's Emergency Department with cardiac symptoms who must be transferred for further care. Annually for the past two years 200-225 patients with cardiac symptoms who presented to North Knoxville Medical Center's ED had to be transferred, with 68% of those patients eventually requiring cardiac catheterization services. While some percentage of those patients would still need to be transferred for therapeutic services, records from Physicians Regional

Medical Center indicate that approximately 50% of the original 200-225 patients could have been treated at North Knoxville if diagnostic cardiac catheterization services were available.

In addition, when age cohort-specific population-based demand is calculated, the projected demand in 2013 from North Knoxville Medical Center's service area is 10,571 diagnostic cardiac catheterizations. To see the details of this calculation, see Attachment C.Need.6. North Knoxville's overall inpatient market share in the service area is 7.4%. If North Knoxville simply handles its "share" of diagnostic cardiac catheterization volume, it should expect to perform 782 cardiac catheterizations in 2013, as well as the vascular cases that are expected (approximately 100 in the first year). If North Knoxville Medical Center performed every diagnostic cardiac catheterization in the market for patients for whom it is the closest hospital offering the service, it would perform approximately 2,250 procedures (based on projected volumes from the Clinton side of Anderson county, Campbell, Claiborne, Scott and Union counties, and 10% of Knox county).

However, because cardiac catheterization will be a new service for the hospital, and referral patterns will take some time to develop, the applicant does not anticipate capturing its full market share of diagnostic cardiac catheterizations for the first and second years as the program is developing. In the first year, it is projected that about 35% of the standard market share will be performed, for an estimated 275 diagnostic cardiac catheterizations. By offering a quality service led by highly skilled and reputable physicians in a location that is easily accessible from those portions of the service area, North Knoxville Medical Center expects steady growth of the program over the first three years, until volumes are equivalent with the hospital's overall market share, or approximately 782 cardiac catheterizations per year. With the high quality of Cardiology support provided by East Tennessee Heart Consultants and the convenient location of North Knoxville Medical Center, the minimum standards are expected to be met in the second year of operation of the service.

ECONOMIC FEASIBILITY

I. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

• All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee).

The CON filing fee has been calculated and is included on the Project Costs Chart.

• The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click"

arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease. Not applicable. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease. All maintenance costs, taxes, and installation charges are included in the equipment cost calculation. Construction costs include all costs to build out the dual lab, support areas, and additional waiting room space. For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs. Architectural drawings and the contractor's quote is attached as Attachment C.Economic Feasibility.I.

PROJECT COSTS CHART²⁰¹² NOU 14 AM 10 00

A.	Cor	nstruction and equipment acquired by purchase:	
	1.	Architectural and Engineering Fees	
		Legal, Administrative (Excluding CON Filing Fee),	
	2.	Consultant Fees	\$35,000
	3.	Acquisition of Site	\$0
	4.	Preparation of Site	\$0
	5.	Construction Costs	\$1,302,289
	6.	Contingency Fund	\$50,000
	7.	Fixed Equipment (Not included in Construction Contract)	\$1,728,000
	8.	Moveable Equipment (List all equipment over \$50,000)	\$1,252,305
	9.	Other (Specify)	
B.	Acc	uisition by gift, donation, or lease:	
	1,	Facility (inclusive of building and land)	
	2.	Building only	
	3.	Land only	
	4.	Equipment (Specify)	
	5.	Other (Specify)	
C.	Fina	ancing Costs and Fees:	
	1.	Interim Financing	
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify)	
D.	Esti	mated Project Cost (A+B+C)	\$4,367,594
_	CO	N Filing Foo	\$9,827
E,	1 00	N Filing Fee	ψ3,027
F.	Tota	al Estimated Project Cost (D+E)	\$4,377,421
	11.		
		TOTAL	\$4,377,421

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North Knoxville Medical Center Cardiac Catheterization / Vascular Lab Project Moveable Equipment Over \$50,000

Catalog #	Catalog Item/Desciption	QTY	Unit Price	Total Price
ALL1302	MONITORS		1 \$ 162,681.00 \$	162,681.00
ALL1953	SYSTEMS, NURSE CALL		1 \$ 68,000.00 \$	68,000.00
MON1652	MONITOR, PHYSIOLOGICAL, ECG/NIBP/SAO2		6 \$ 11,750.00 \$	70,500.00
MON4201	MONITOR, PHYSIOLOGICAL, CARDIAC CATH		1 \$ 165,000.00 \$	165,000.00
PAC1801	PAC'S IMAGING SYS, READING STATION		1 \$ 175,000.00 \$	175,000.00
PAC2350	PAC'S IMAGING SYS, WORK STATION		3 \$ 30,000.00 \$	90,000.00

2.	Iden	tify the funding sources for this project.
	proj inse	ase check the applicable item(s) below and briefly summarize how the ect will be financed. (Documentation for the type of funding MUST be erted at the end of the application, in the correct alpha/numeric order and natified as Attachment C, Economic Feasibility-2.)
	Α.	Commercial loanLetter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions; charges.
	В.	Tax-exempt bondsCopy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
	C.	General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
	D.	GrantsNotification of intent form for grant application or notice of grant award; or
X	E.	Cash ReservesAppropriate documentation from Chief Financial Officer.
		A letter from the CFO is attached as Attachment C.Economic Feasibility.2.
	F.º	Other—Identify and document funding from all other sources.
	by th 1 st Q Medi	cost per square foot of construction for Hospital renovation projects, as provided the Health Services and Development Agency is: Suartile \$125.84/sf Sian \$177.60/sf Suartile \$273.69/sf
		project's average cost per square foot is \$167.95/sf, placing it between 1 st tile and Median.
4.		what Historical and Duricated Data Charte on the following two pages Do
4.	Char for w requ prop for tl antic facili	
5.	for w requ prop for the antic facility	modify the Charts provided or submit Chart substitutions! Historical Data of represents revenue and expense information for the last three (3) years which complete data is available for the institution. Projected Data Chart ests information for the two (2) years following the completion of this losal. Projected Data Chart should reflect revenue and expense projections the Proposal Only (i.e., if the application is for additional beds, include cipated revenue from the proposed beds only, not from all beds in the

Average gross charge per procedure: \$14,985 Average deduction from operating revenue: \$12,260 Average net charge: \$2,725

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HISTORICAL DATA CHART 8 AND 11 13
Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January.

agency. The fiscal year begins in January.			
	Year 2009	Year 2010	Year 2011
A. Utilization Data (Specify unit of measure)	3,321	3,321	3,026
B. Revenue from Services to Patients			
1. Inpatient Services	\$55,385,792	\$67,882,942	\$69,714,103
2. Outpatient Services	152,666,490	187,292,222	182,050,451
3. Emergency Services			
4. Other Operating Revenue	872,309	761,417	1,657,910
(Specify) See page 3			
Gross Operating Revenue	\$208,924,591	\$255,936,581	\$253,422,464
C. Deductions from Gross Operating Revenue	c		
1. Contractual Adjustments	\$140,085,298	\$181,879,958	\$181,536,021
2. Provision for Charity Care	8,861,552	8,614,562	4,970,948
3. Provisions for Bad Debt	5,559,486	5,339,160	7,906,915
Total Deductions	\$154,506,336	\$195,833,680	\$194,413,884
NET OPERATING REVENUE	\$54,418,255	\$60,102,901	\$59,008,580
D. Operating Expenses			
1. Salaries and Wages	\$17,416,752	\$19,169,289	\$18,559,892
2. Physician's Salaries and Wages	857,544	1,003,243	0
3. Supplies	12,624,155	14,667,838	9,330,723
4. Taxes	0	0	363,872
5. Depreciation	6,386,480	6,275,129	5,372,410
6. Rent	1,078,205	935,792	906,437
7. Interest, other than Capital	4,645,335	4,334,225	3,352,014
8. Management Fees:			
a. Fees to Affiliates	0	0	8,737,825
b. Fees to Non-Affiliates	0	0	0
9. Other Expenses – Specify on separate page 14	4,108,619	4,722,603	6,436,233
Total Operating Expenses	\$47,117,090	\$51,108,119	\$53,059,409
E. Other Revenue (Expenses) – Net (Specify)	\$0	\$0	\$0
NET OPERATING INCOME (LOSS)	\$7,301,165	\$8,994,782	\$5,949,171
F. Capital Expenditures			
1. Retirement of Principal	\$7,103,952	\$7,709,803	\$489,008
2. Interest	0	0	0
Total Capital Expenditures	\$7,103,952	\$7,709,803	\$489,008
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$ <u>197,213</u>	\$ <u>1,284,979</u>	\$ <u>5,460,163</u>

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PROJECTED DATACHART³
Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

111 3	anuai	y.	Year <u>1</u>	Year <u> 2</u>
A.	Uti	lization Data (Procedures Cardiac Catheterizations)	285	306
B.	Re	venue from Services to Patients		
	1.	Inpatient Services	\$1,157,064	\$1,388,477
	2.	Outpatient Services	\$3,471,192	\$4,165,430
	3.	Emergency Services	0	0
	4.	Other Operating Revenue (Specify)	0	0
		Gross Operating Revenue	\$4,628,256	\$5,553,907
C.	De	ductions from Gross Operating Revenue		
	1.	Contractual Adjustments	\$3,494,333	\$4,193,200
	2.	Provision for Charity Care	41,275	45,220
	3.	Provisions for Bad Debt	61,912	67,830
		Total Deductions	\$3,597,520	\$4,306,250
NE'	ГОР	PERATING REVENUE	\$1,030,736	\$1,247,657
D.	Op	erating Expenses		
	1.	Salaries and Wages	\$ 55,012	\$66,014
	2.	Physician's Salaries and Wages	0	0
	3.	Supplies	111,000	133,200
	4.	Taxes	8,918	10,702
	5.	Depreciation	432,742	432,742
	6.	Rent	0	0
	7.	Interest, other than Capital	0	0
	8.	Management Fees:		
		a. Fees to Affiliates	0	0
	0	b. Fees to Non-Affiliates	0	0
	9.	Other Expenses – Specify on separate page 14	\$607,672	\$642,658
Б	0.1	Total Operating Expenses	\$007,072	\$042,038
E.		ner Revenue (Expenses) Net (Specify)	\$423,064	\$604,999
		PERATING INCOME (LOSS)	J443,UU4	φυυ 4, 777
F.		pital Expenditures	\$0	\$0
	1.	Retirement of Principal		
	2.	Interest	0	0

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Total Capital Expenditures

\$0

\$0

NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES

\$<u>423,064</u>

\$<u>604,999</u>

PROJECTED DATA CHART

Give information for the two (2) years following the thin pletion of this proposal. The fiscal year begins in January.

111 0		· ·	Year <u>1</u>	Year_2
A.	Uti	lization Data (Procedures – Cardiac Catheterizations)	285	306
B.	Re	venue from Services to Patients		
	1.	Inpatient Services	\$1,157,064	\$1,388,477
	2.	Outpatient Services	\$3,471,192	\$4,165,430
	3.	Emergency Services	0	0
	4.	Other Operating Revenue (Specify)	0	0
		Gross Operating Revenue	\$4,628,256	\$5,553,907
C.	De	ductions from Gross Operating Revenue		
	1.	Contractual Adjustments	\$3,494,333	\$4,193,200
	2.	Provision for Charity Care	41,275	45,220
	3.	Provisions for Bad Debt	61,912	67,830
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NE	ГОР	PERATING REVENUE	\$1,030,736	\$1,247,657
D.	Op	erating Expenses		
	1.	Salaries and Wages	\$ 55,012	\$66,014
	2.	Physician's Salaries and Wages	0	0
	3.	Supplies	111,000	133,200
	4.	Taxes	8,918	10,702
	5.	Depreciation	432,742	432,742
	6.	Rent	0	0
	7.	Interest, other than Capital	0	0
	8.	Management Fees:		
		a. Fees to Affiliates	0	0
	0	b. Fees to Non-Affiliates	0	0
	9.	Other Expenses – Specify on separate page 14 Total Operating Expenses	\$607,672	\$642,658
173	041-		\$007,072	\$0
E.		ner Revenue (Expenses) Net (Specify)	\$423,064	\$604,999
		ERATING INCOME (LOSS)	Д443,004	φυ υ+ ,222
F.	-	Patinoment of Principal	\$4,337,421	\$0
	1.	Retirement of Principal	\$4,337,421 0	0
	2.	Interest	U	0

Total Capital Expenditures \$4,337,421 \$0

NET OPERATING INCOME (LOSS)
LESS CAPITAL EXPENDITURES (\$3,914,357)

\$604,999

HISTORICAL DATA CHART-OTHER EXPENSES

	CATECODIES	Year 2009	Year 2010	Year 2011
<u>OT</u>	HER EXPENSES CATEGORIES	¢ *	\$ *	\$956,122
1.	Professional Fees	Ψ	·	2,667,832
2.	Outside Services		-	1,734,678
3.	Utilities	-		419,796
4.	Insurance	-	\ 	657,805
5.	Misc incl. Dues, Travel, Freight, Repairs.			
6.				
7.				\$6,436,233
	Total Other Expenses	\$	\$	\$0,430,233

^{*} Due to lack of accessibility with the former accounting system, comparable detail for the Other Expense category is not available for 2009 and 2010.

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year <u>1</u>	Year 2
OTHER EXPENSES CATEGORIES	\$0	\$0
1.		
2.		
3.		-
4.	-	2
5.		
6.	-	
7.	\$0	\$0
Total Other Expenses	**	

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

The proposed charge schedule follows below. The same charge schedule will be used for North Knoxville Medical Center that is currently in place at Physicians Regional and Turkey Creek Medical Centers. There are no anticipated changes to the charge schedule as a result of implementing this project.

<u>Charge Schedule - Diagnostic Cardiac Catheterization</u>

CPT Code	DESCRIPTION	CHARGE
85347	ACT	\$ 201.00
75625	AORTOGRAM ABDOMINAL	\$ 5,202.35
75630	AORTOGRAM ABDOMINAL W/ RUNOFF	\$ 5,202.35
75605	AORTOGRAM THORACIC SERIAL S&I	\$ 5,202.35
92960	CARDIOVERSION ELECTIVE EXT T	\$ 932.15
93455	CORONARY ART/GRFT ANGIO S&I	\$ 9,174.25
93454	CORONARY ARTERY ANGIO S&I	\$ 8,516.75
93463	DRUG ADMIN & HEMODYNAMIC MEAS	\$ 803.75
93005	EKG	\$ 242.25
G0278	ILIAC ANGIO W/ CARDIAC CATH	\$ 1,714.00
93568	INJECT PULM ART HRT CATH	\$ 1,714.00
36013	INTRO CATH MAIN PULMON ARTERY	\$ 2,021.00
36010	INTRO CATH SUP/INF VENA CAVA	\$ 1,950.00
96374	IV PUSH ONE/FIRST DRUG	\$ 290.00
93459	L HRT ART/GRFT ANGIO	\$ 11,112.75
93458	L HRT ARTERY/VENTRICLE ANGIO	\$ 10,455.00
93622	LEFT VENTRICULAR RECORDING 02	\$ 10,632.00
33010	PERICARDIOCENTESIS; INITIAL	\$ 2,625.00
93457	R HRT AR/GRFT ANGIO	\$ 16,099.25
93456	R HRT CORONARY ARTERY ANGIO	\$ 15,441.75
93461	R&L HRT ART/VENT GRFT ANGIO	\$ 11,950.00
93460	R&L HRT ART/VENTRICLE ANGIO	\$ 11,249.50
93453	R&L HRT CATH W/ VENTRICLGRPHY	\$ 9,638.25
75724	RENAL ANGIO BILAT	\$ 2,937.75
G0275	RENAL ANGIO W/ CARDIAC CATH	\$ 1,447.00
93451	RIGHT HEART CATH	\$ 7,248.50
93503	SWAN GANZ INSERT	\$ 2,680.00

The anticipated gross revenue in the first year of this project is \$4,628,256. Net revenue is projected to be \$1,030,736.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

The average proposed gross charge for this project is \$14,985, which is in keeping with Tennova's current charges for diagnostic cardiac catheterizations at Physicians Regional Medical Center and Turkey Creek Medical Center. Average net charges are projected to be \$2,725. Charge information from other providers is not available.

7. Discuss how projected utilization rates will be sufficient to maintain costeffectiveness.

Because volumes will start out slowly, regular hours for the dual lab will be focused on performing procedures 3 days per week in order to maximize cost-effectiveness. In addition, staff will be shared between Physicians Regional Medical Center's cardiac catheterization labs and the new lab at North Knoxville Medical Center.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

The project is projected to realize operating and cash flow profitability by the end of the first year of service and to achieve full payback of the capital invested in the fourth year. For more detail, refer to the Projected Data Chart.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Tennova Healthcare participates in the Medicare and Tenncare programs and contracts with each of the TennCare MCOs in the service area. As part of the Purchase Agreement between Health Management Associates and Mercy Health Partners in 2011, Tennova Healthcare adopted the same charity care policies that were in place when the system was owned by Catholic Health Partners. Based on historical data, Tennova expects 61% of its net revenue from Medicare and 12% of its net revenue from TennCare. Charity Care and bad debt is projected at a combined 9% of net revenue.

10. Provide copies of the balance sheet and income statement from the most

recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Audited financial statements for Health Management Associates are attached. Tennova Healthcare is not audited separately or reported on as a separate entity, but rather is reflected as a component of the Health Management Associates' audit report which is attached as Attachment C.Economic Feasibility-10. Tennova Healthcare's acquisition is referenced on page two (2) of the attachment.

- 11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

The alternatives to this proposal are to continue transferring patients who need cardiac services to other hospitals, thereby continuing to inconvenience patients and their families, particularly those travelling from the more rural portions of the service area. In partnership with East Tennessee Heart Consultants, Tennova is committed to providing the highest quality cardiac care in locations that are easily accessible to patients. For those patients who are patients of East Tennessee Heart Consultants who live in North Knoxville or north along the I-75 corridor, their only alternative at this point is to receive cardiac catheterization at Physicians Regional Medical Center. With its cardiac catheterization labs at 82% of capacity and the population in the service area both growing and aging, Tennova Healthcare and East Tennessee Heart Consultants believe it is necessary to provide a convenient alternative.

b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

The proposed construction utilizes shell space already under roof inside North Knoxville Medical Center, keeping the overall costs of construction relatively low. The plan to finish out the shelled space for a future second cardiac catheterization lab is the most cost-effective approach for that space, reducing the cost of future expansions.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Tennova Healthcare has contractual and working relationships with the following providers:

Asbury Acres HealthCare

Baptist Convalescent Center

Brakebill Nursing Home

East Tennessee Children's Hospital

Claiborne County Nursing Home

Hillcrest Medical Nursing Institute

Holston Health and Rehabilitation Center

Knoxville Convalescent Center

Maynardville Community Medical Center

Northhaven Health Care Center

Regency Health Care Center

Rockwood Health Care Center

Serene Manor Medical Center

Parkwest Surgery Center

Vanderbilt University

TN Division of Rehabilitation Services

Knoxville Surgery Center

Lafollette Medical Center

Tennessee Nursing Services, Inc.

Wellington Place of Kingston

Athens Community Hospital

Baptist Health Care Center

Blount Memorial Hospital

Briarcliff Health Care Center

Claiborne County Hospital

Farragut Healthcare

Hillhaven Health Care

Jellico Community Hospital

LifeCare Center

Morgan County Center for Health Care

Peninsula Hospital

Ridgeview Terrace of LifeCare

Shannondale Nursing Home

UT Medical Center - Knoxville

Rural/Metro Ambulance Services

Laughlin Memorial Hospital

Takoma Adventist Hospital

NHC, Fort Sanders of Knoxville

Physicians Surgery Center

Select Specialty Hospital - North

Knoxville, Inc.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

The project will have a positive impact on the healthcare system, by improving access to a key service for patients in North Knoxville's service area, particularly for patients from the more rural counties.

The project should have little impact on the utilization rates of other providers in the service area of the project. Because North Knoxville Medical Center is a smaller suburban hospital, its market share of inpatients in the area is lower than the other hospitals in the area providing cardiac catheterization services. Minimum volumes required to approve the service can be achieved simply by North Knoxville beginning the service and then having incremental growth until it essentially maintains its current market share. The purpose of the project is to provide an alternative and convenient location for patients in the northern portion of the service center who are patients of East Tennessee Heart Consultants to receive cardiac catheterization services.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

The dual cardiac catheterization/vascular lab will be staffed as follows, in addition to general staffing such as Admitting, Pre-Op Nursing, Post-Op Nursing, and the staff on the nursing unit:

Physician 1.0 FTE First Assist/Cardiovascular OR Technician 1.0 FTE Cardiovascular Technician 2.0 FTE

Wage rates as compared to the prevailing wage as published by the Tennessee Department of Labor & Workforce Development are listed below:

First Assist/OR Technician Substitution Subs

There is not a corresponding role for the OR Technicians who will be working in the cardiac catheterization / vascular lab on the Tennessee Department of Labor & Workforce Development survey. The wage comparisons shown above are the closest match available.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

There are ample resources within Knox County for adequate professional staff, including experienced staff who will be shared with Tennova's other two metro Knoxville facilities.

5. Verify that the applicant has reviewed and understands all licensing

certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

The applicant has reviewed and understands all licensing certification required by the State of Tennessee for medical/clinical staff.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Tennova Healthcare has education affiliations with the following schools and organizations:

AT Still University (Arizona School of Health

Sciences)

Carson Newman College

Creighton University

East Tennessee State University

Grace Academy

Independence University

Iowa College Acquisition Co (Kaplan University)

Knox County Schools

Lincoln Memorial University

Pellissippi State Community College

Roane State Community College

South College

Tennessee Technical College at Jacksboro

Tennessee Technical College of Knoxville

Tennessee Technical College of Oneida

Union Co Schools

University of New England

University of Miami

University of North Carolina at Chapel Hill

University of Tennessee, Knoxville

University of Tennessee, Memphis

Vanderbilt University

Walden University

Walters State University

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

Tennova Healthcare has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services,

	as well as the Medicare requirements.		
(b)	Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.		
	Licensure: Tennessee Department of Health, Board for Licensing Health Care Facilities		
	Accreditation: Joint Commission		
(c)	If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.		
	Tennova Healthcare – North Knoxville Medical Center is in good standing with all licensing, certifying and accrediting agencies. A copy of the hospital license is attached as Attachment C.Orderly Development.7.c.		
(d)	For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.		
	Tennova Healthcare is in good standing with all licensing agencies. A copy of the most recent survey inspection is attached as Attachment C.Orderly Development.7.d.		
coun the a inter	ument and explain any final orders or judgments entered in any state or atry by a licensing agency or court against professional licenses held by applicant or any entities or persons with more than a 5% ownership est in the applicant. Such information is to be provided for licenses rdless of whether such license is currently held.		
There are none.			
	ify and explain any final civil or criminal judgments for fraud or theft ast any person or entity with more than a 5% ownership interest in the ect.		
There	e are none.		
orovi evie	proposal is approved, please discuss whether the applicant will de the Tennessee Health Services and Development Agency and/or the wing agency information concerning the number of patients treated, the per and type of procedures performed, and other data as required.		
	proposal is approved, the applicant will provide the Tennessee Health ces and Development Agency and/or the reviewing agency information		
	Documenter dentification of the control of the cont		

concerning the number of patients treated, the number and type of procedures performed, and other data as requested.

Copy of Advertisement

HOLLY ROACH says that he/she is a du newspaper published a NOTICE (described al of which the annexed i	s a copy, was published in said paper on the following dates:
County of Knox Before me, the underst HOLLY ROACH says that he/she is a dunewspaper published a NOTICE (described all of which the annexed i	s.s. } igned, a Notary Public in and for said county, this day personally came
County of Knox Before me, the underst HOLLY ROACH says that he/she is a dunewspaper published a NOTICE (described all of which the annexed i	gned, a Notary Public in and for said county, this day personally came , who, being first duly sworn, according to law, ly authorized representative of the Knoxville News-Sentinel, a Daily at Knoxville, in said county and state, and that the advertisement of bove). s a copy, was published in said paper on the following dates:
Before me, the understand HOLLY ROACH says that he/she is a dunewspaper published a NOTICE (described alof which the annexed in NOVEMBER 9, 2012,	gned, a Notary Public in and for said county, this day personally came , who, being first duly sworn, according to law, ly authorized representative of the Knoxville News-Sentinel, a Daily t Knoxville, in said county and state, and that the advertisement of bove). s a copy, was published in said paper on the following dates:
HOLLY ROACH says that he/she is a du newspaper published a NOTICE (described al of which the annexed i	, who, being first duly sworn, according to law, ly authorized representative of the Knoxville News-Sentinel, a Daily at Knoxville, in said county and state, and that the advertisement of sove).
says that he/she is a dunewspaper published a NOTICE (described alof which the annexed in NOVEMBER 9, 2012,	ly authorized representative of the Knoxville News-Sentinel, a Daily at Knoxville, in said county and state, and that the advertisement of acove). s a copy, was published in said paper on the following dates:
newspaper published a NOTICE (described al of which the annexed i	t Knoxville, in said county and state, and that the advertisement of cove). s a copy, was published in said paper on the following dates:
NOTICE (described al of which the annexed i	s a copy, was published in said paper on the following dates:
of which the annexed i	s a copy, was published in said paper on the following dates:
NOVEMBER 9, 2012,	
	*
and that the statement	
	of account herewith is correct to the best of his/her knowledge and belief.
	- Hell
Subscribed and sworn	to before me this 3 /3 /L day
of November	
Ka	ian Dixm
RAN DIXONAL	My Commission Expires: Notary Public. My Commission expires August 27, 2019

2012 NOV 14 AM 10 02

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

NOTIFICATION OF INTENT TO
APPLY FOR A CERTIFICATE OF NEED

This is to provide official nolice to the Health Services and Development Agency and all interested parties, in accordance with T. A. 88-11-1601 el sea, and the Rules of the Health Services and Development Agency, that Meric Knoxville HMA, LLC, with Agency, that Meric Knoxville HMA, LLC, with Agency, that Meric Knoxville HMA Holdings, LLC, draw the Health Care with an award by Meric Knoxville Medical Center, Hospital award by Meric Knoxville Medical Center, Hospital award by Meric Knoxville Medical Center, Hospital owned by Meric Knoxville Medical Center, Hospital with a holdings, LLC, draw Tennova Healthcare intends to file on application of diagnostic cordiac catheterization of diagnostic cordiac catheterization for a Certificate of Need for the fination of diagnostic cordiac catheterization revices, to be located on the Tennova Healthcare - North Knoxville Medical Center compus, 7565 Donnaher Drive, Powell, TN 37849. The project involves construction and equipping of shell apace within the hospital to serve as a conductation of cordiac cotheterization / voscular tab, support areas for the lab, expanded wolfing room, and additional pre-aperage and post-operative space. No inputient beds are involved in this project. The enticipated total cost of the project is \$4.577.421.

The anticipated dole of filing the application is November 14, 2012. The Conduct of this project, The enticipated total cost of the project. The project, The enticipated total cost of the project. The project, The enticipated total cost of the project. The project, The enticipated total cost of the project, The onlicipated total cost of the project. The onlicipated total cost of the proj

PROJECT COMPLETION FORECAST CHART 2012 NOV 14 HIT 10 03

Enter the Agency projected Initial Decision date, as published in T.C.A. § September, 2012.

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

		Anticipated Date
<u>Phase</u>	<u>DAYS</u> REQUIRED	(MONTH/YEAR)
Architectural and engineering contract signed	15	03/2013
Construction documents approved by the		
Tennessee Department of Health	45	4/2013
Construction contract signed	60	5/2013
Building permit secured	75	5/2013
5. Site preparation completed	N/A	
Building construction commenced	90	6/2013
7. Construction 40% complete	160	8/2013
8. Construction 80% complete	230	10/2013
9. Construction 100% complete (approved for		
occupancy	250	11/2013
10. *Issuance of license		
11. *Initiation of service	280	12/2013
12. Final Architectural Certification of Payment	310	1/2014
13. Final Project Report Form (HF0055)	370	3/2014

^{*} For projects that do NOT involve construction or renovation: Please complete items
10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final

determination to reflect the actual issue date.

AFFIDAVIT

2012 NOV 14 RM 10 03

LUIL NOO 2 1 TWO	
STATE OF Jennessee	
COUNTY OF Knox	
he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.	
SIGNATURE/TITLE	5
Sworn to and subscribed before me this 13th day of Mounty (Month) a Notary	
Public in and for the County/State of <u>Luoy</u> Jennessee	
My commission expires July 1, 2015 (Year) NOTARY PUBLIC TENNESSEE NOTARY PUBLIC	2

List of Attachments

Attachment A.4.a Tennova Healt @ Tennova Healt

Attachment A.4.b Tennova Healthcare – North Knoxville Medical Center Approval

(formerly St. Mary's Medical Center- North)

Attachment A.4.c Corporate Organizational Chart

Attachment A.6 Tennova Healthcare – North Knoxville Medical Center Property

Deed (formerly St. Mary's Medical Center - North)

Attachment A.9 Bed Complement Chart – Tennova Healthcare

Attachment B.I.Project Description.1 Equipment Profile

Attachment B.I.Project Description.2 Moveable Equipment List

Attachment B.I.Project Description.3 Corporate Organizational Chart

Attachment B.I.Project Description.4 Service Area Map

Attachment B.I.Project Description.5 2011 Cardiac Catheterization Utilization

Attachment B.I.Project Description.6 Equipment Quote

Attachment B.I.Project Description.7 Contractor's Quote

Attachment B.II.A Contractor's Quote

Attachment B.II.E.1.a FDA Certification

Attachment B.II.3 Equipment Quote

Attachment B.III.(A) Plot Plan of Site

Attachment B.IV Floor Plan

Attachment C.Need.A.3 Emergency Transfer Protocol

Attachment C.Need.A.4 Quality Plan

Attachment C.Need.A.11 Population-Based Demand Calculation

Attachment C.Need.A.13 Cardiology Credentialing Requirements

Attachment C.Need.3 Service Area Map

Attachment C.Need.6 Population-Based Demand Calculation

Attachment C.Economic Feasibility.1 Contractors' Quotes and Architect's Drawing

Attachment C.Economic Feasibility.2 CFO Letter

Attachment C.Economic Feasibility.10 Audited Financial Statements

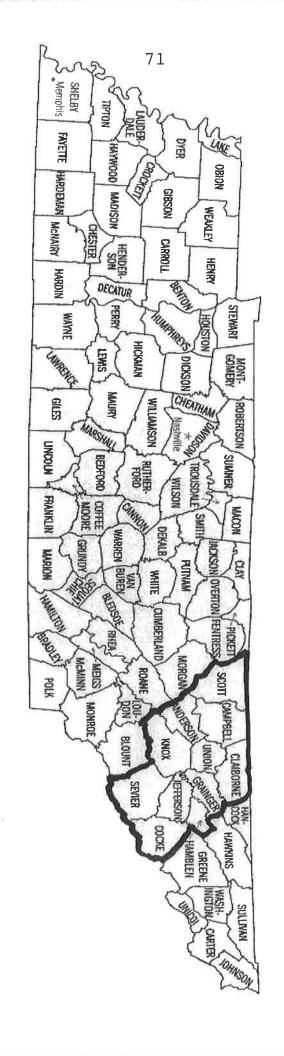
Attachment C.Orderly Development.7.c Hospital License

Attachment C.Orderly Development.7.d Most Recent Survey Inspection Report

Attachment A.4.a

1 10	ase indicate current and propos	Current Licensed		Staffed <u>Beds</u>	Beds <u>Proposed</u>	TOTAL Beds at Completion
Α.	Medical (Med/Surg)	716		382		716
B.	Surgical					
C.	Long-Term Care Hospital					
D.	Obstetrical	48		32		48
E.	ICU/CCU	56		56		56
F.	Neonatal	15		15		15
G.	Pediatric					
H.	Adult Psychiatric	38		38		38
I.	Geriatric Psychiatric					
J.	Child/Adolescent Psychiatric					
K.	Rehabilitation	30		30		30
L.	Nursing Facility (non-Medicaid Certified)					
M.	Nursing Facility Level 1 (Medicaid only)					
N.	Nursing Facility Level 2 (Medicare only)					
0.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P.	ICF/MR					
Q.	Adult Chemical Dependency					
	Child and Adolescent Chemical		,		*	
R.	Dependency					
S.	Swing Beds					
т.	Mental Health Residential Treatment					
U.	Residential Hospice					
<u> </u>	TOTAL *CON-Beds approved but not yet in service	903		553		903

Attachment B.I.Project Description.4



Attachment B.I.Project Description.5

Cardiac Catheterization Labs in the North Knoxville Medical Center Service Area 2011 Utilization

	# of			
	<u>Cath</u>		<u>Proc. Per</u>	<u>% of</u>
<u>Facility</u>	<u>Labs</u>	<u>Total</u>	<u>Lab</u>	Capacity
Tennova - Physicians Reg.	4	6,535	1,634	82%
Tennova - Turkey Creek	2	3,074	1,537	77%
Ft. Sanders Regional	4	4,572	1,143	57%
Parkwest	5	13,201	2,640	132%
Methodist of Oak Ridge	2	3,286	1,643	82%
Morristown Hamblen	2	3,687	1,844	92%
LeConte	1	484	484	24%
UTMC	4	6,669	1,667	83%
Totals with Ave. Utilization	24	41,508	1,730	86%

^{*}Note - Adult patients only; no pediatric patients included.

Source - 2012 JAR

Attachment B.I.Project Description.7

JOHNSON&GALYON CONSTRUCTION

November 6, 2012

Ms. Melanie Robinson Tennova Healthcare 900 E. Oak Hill Avenue Knoxville, TN 37917

Re:

Tennova NKMC

Cath Lab Renovations
Budget Estimate

Dear Melanie:

We are pleased to recommend a budget of One Million Three Hundred Two Thousand Two Hundred Eighty Nine Dollars (\$1,302,289) for the above referenced project. Breakdowns of our cost estimates are attached. The estimates are based on the attached schematic drawing and descriptions of the HVAC System prepared by BarberMcMurry architects.

The estimates are summarized as follows:

Area 1 – Waiting Expansion and Consult	\$	158,901
Area 2 - Cath Lab	\$	979,902
Area 3 – Prep/Recovery Expansion	\$	163,486
Total:	\$1	,302,289

We appreciate the opportunity to be of service to you. Should you have any questions, please call.

Sincerely,

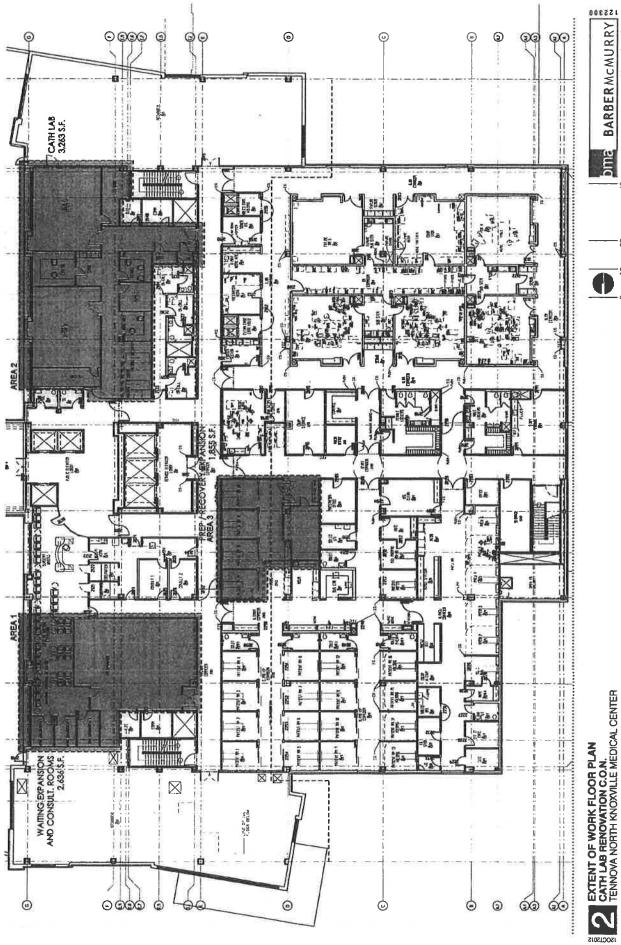
JOHNSON & GALYON, INC.

Mark A. Halcomb

Estimator

Attachments

Cc: Mike Driskill, BMa



Attachment B.II.A

JOHNSON&GALYON

November 6, 2012

Ms. Melanie Robinson Tennova Healthcare 900 E. Oak Hill Avenue Knoxville, TN 37917

Re:

Tennova NKMC

Cath Lab Renovations
Budget Estimate

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We are pleased to recommend a budget of One Million Three Hundred Two Thousand Two Hundred Eighty Nine Dollars (\$1,302,289) for the above referenced project. Breakdowns of our cost estimates are attached. The estimates are based on the attached schematic drawing and descriptions of the HVAC System prepared by BarberMcMurry architects.

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Sincerely,

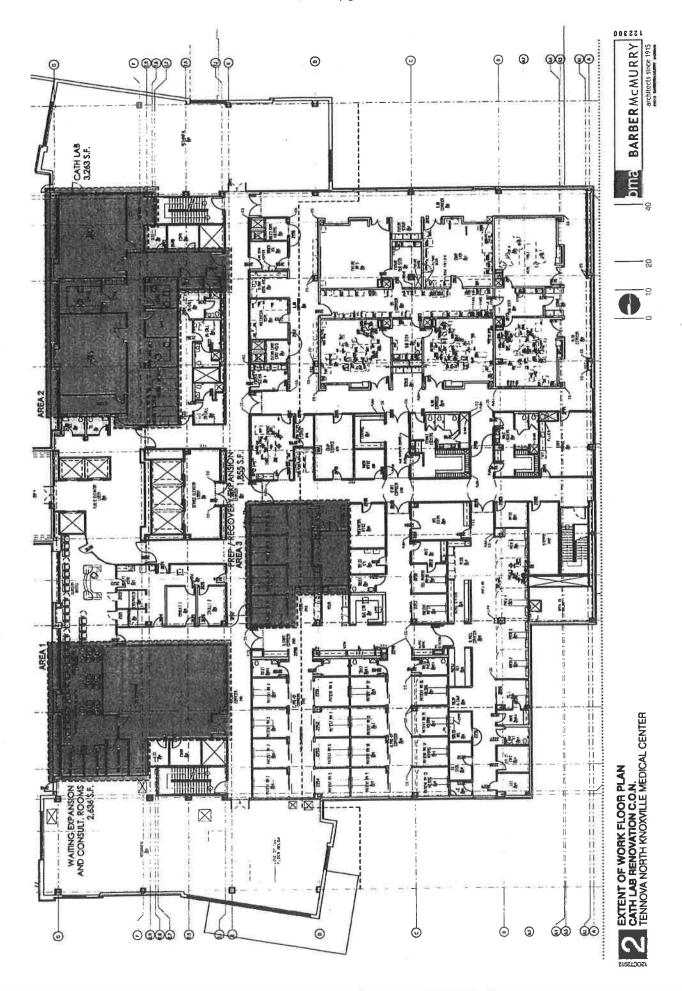
JOHNSON & GALYON, INC.

Mark A. Halcomb

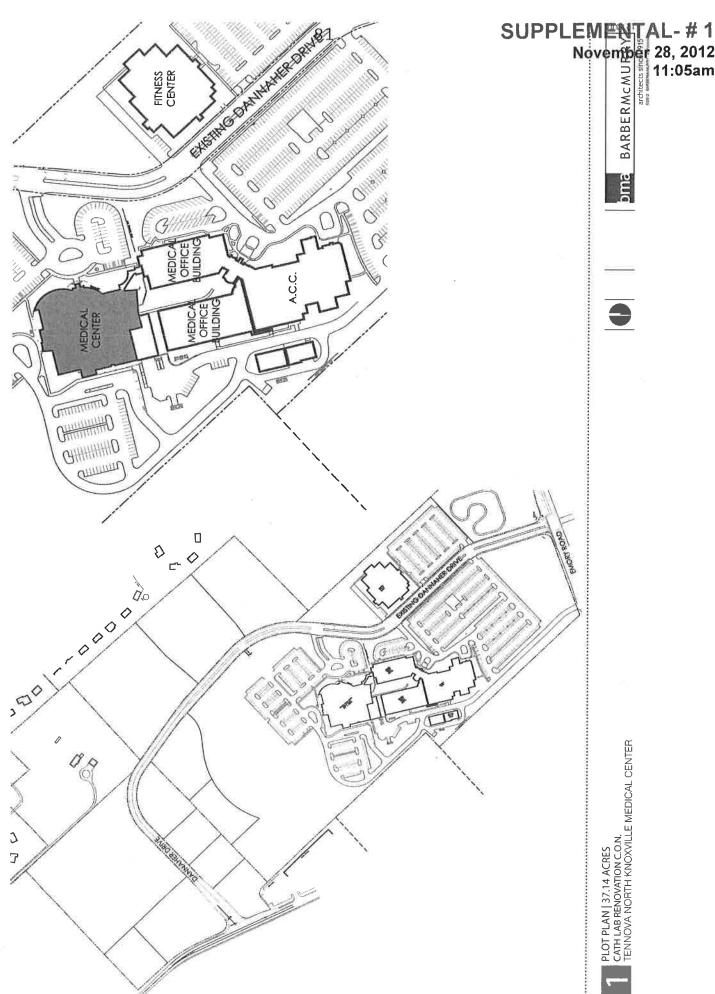
Estimator

Attachments

Cc: Mike Driskill, BMa



Attachment B.III.(A)



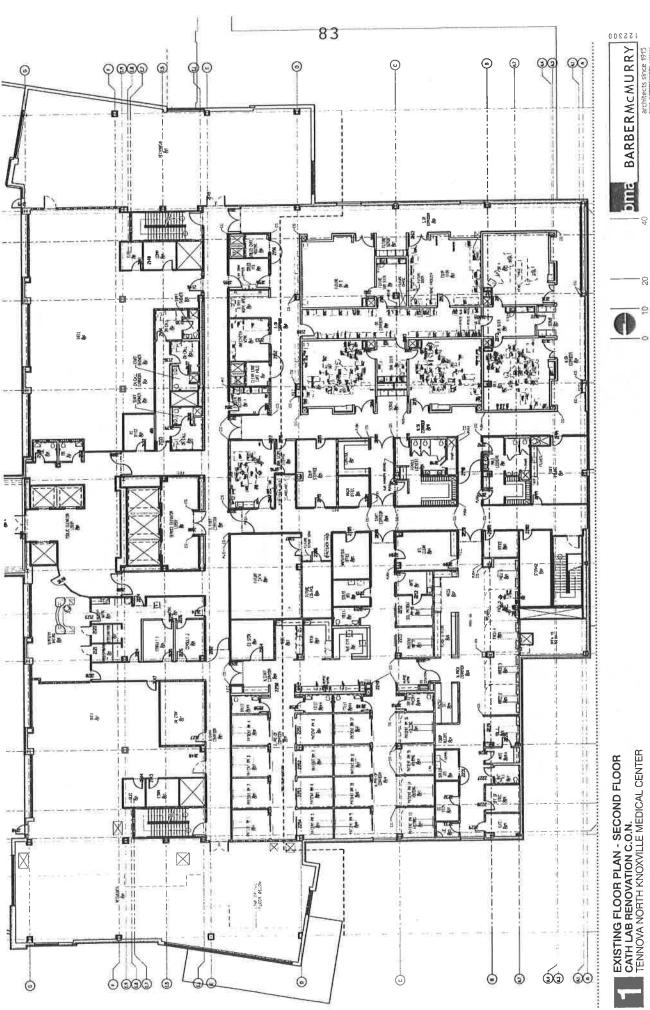
PLOT PLAN | 37.14 ACRES
CATH LAB RENOVATION C.O.N.
TENNOVA NORTH KNOXVILLE MEDICAL CENTER

28, 2012 11:05am

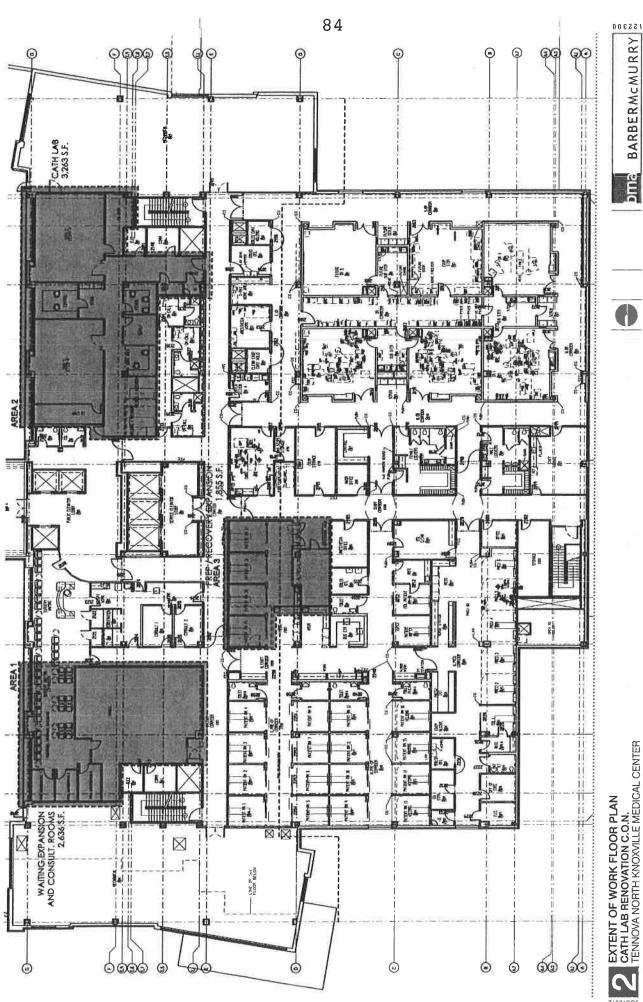
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Attachment B.IV



90C12012



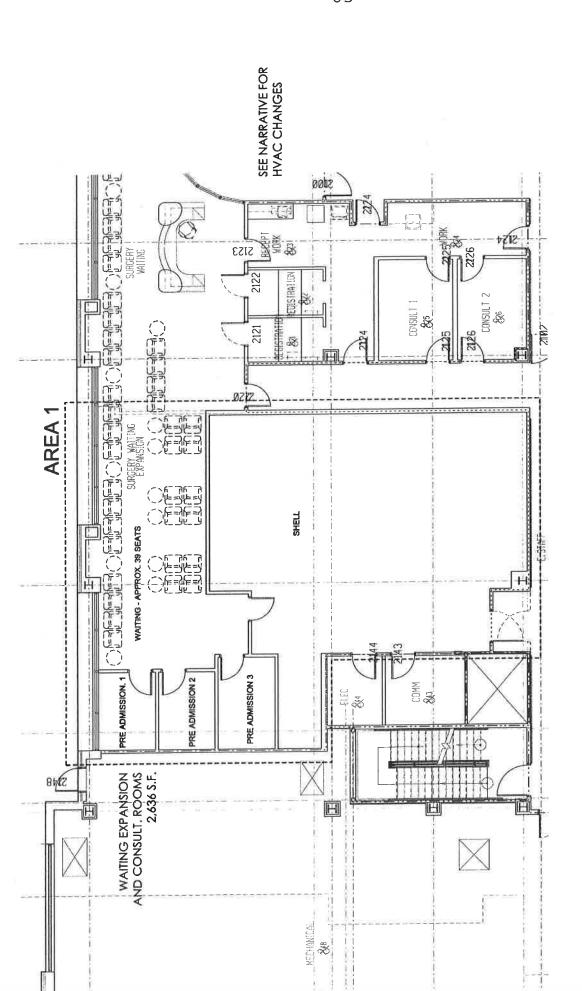


BARBERMCMURRY

architects since 1915

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122300

BARBERMCMURRY

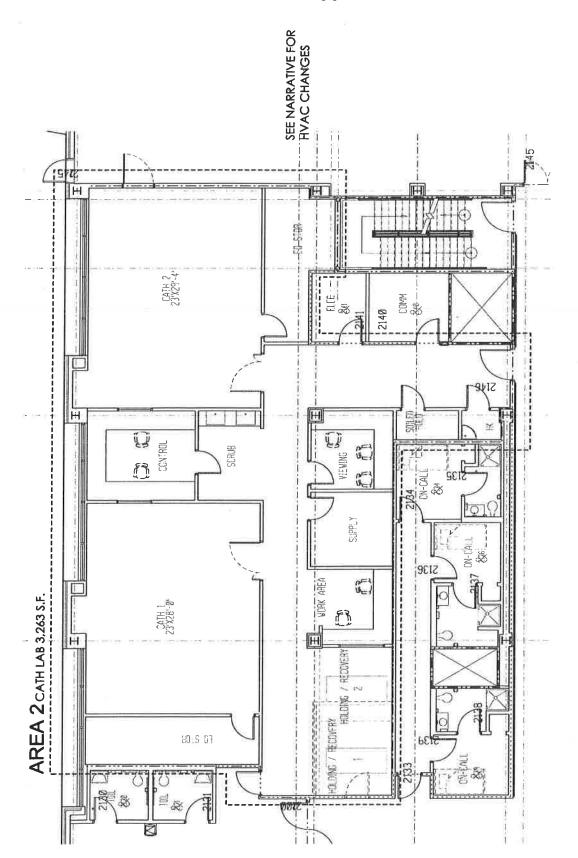
SILIC

architects since 1915



AREA 1 FLOOR PLAN
CATH LAB RENOVATION C.O.N.
TENNOVA NORTH KNOXVILLE MEDICAL CENTER







90CT2012





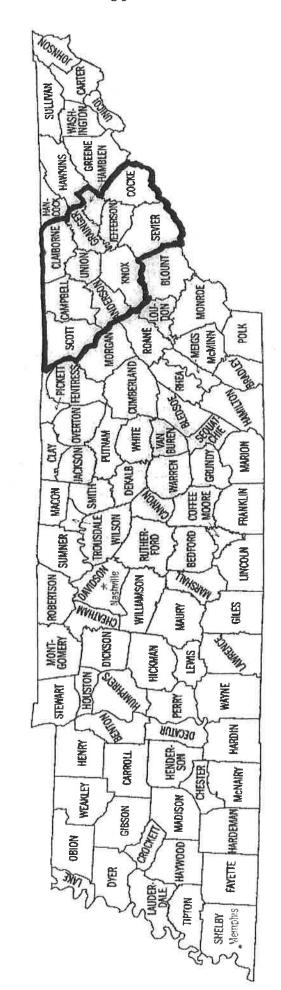
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architects since 1915
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155300



AREA 3 FLOOR PLAN
CATH LAB RENOVATION C.O.N.
TENNOVA NORTH KNOXVILLE MEDICAL CENTER

Attachment C.Need.3



Attachment C.Need.6

Total 42,036 32,717 37,001 23,943 63,947 54,143 431,991 23,465 90,142 1,264.7 822.7 1,258.6 745.0 1,989.5 800.0 955.1 85+
2,200
929
648
648
652
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1,289
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8,496
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1,527
287 85+ 1,342.4 823.2 2,988.3 3,497.2 2,981.0 2,252.8 1,748 934 648 780 428 1,336 949 7,802 369 1,605 307 80-84 2,905.1 2,583.6 2,980.1 3,914.9 4,041.3 3,774.1 3,195.1 3,664.5 3,300.3 3,533.8 4,273.0 5,153.5 3,599.1 4,993.4 3,995.8 4,957.0 2,880.4 3,891.2 2,264 1,438 1,000 1,175 684 1,943 1,487 10,493 586 2,563 523 524,156 70-74 3,586.7 3,607.0 3,977.3 4,325.3 3,527.3 4,323.8 4,985.9 3,912.6 3,042 1,985 1,392 1,613 1,019 2,625 2,139 14,386 854 3,782 742 4,988.3 3,278.7 4,025.1 4,386.8 2,849.3 2,897.5 4,625.0 4,898.0 4,442.6 4,116.7 4,949.7 4,081 2,553 1,901 2,190 1,402 3,366 2,855 20,158 1,179 5,330 999 69-59 Utilization Rates (based on data from State) 2,622.8 2,996.9 4,363.9 3,280.6 3,493.8 2,889.4 2,303.7 4,053.2 3,444.3 3,812.3 2,471.7 5,044 2,785 2,199 2,502 1,512 3,653 2,950 26,074 1,383 5,919 1,181 2,907.0 2,273.9 2,214.8 3,506.9 3,292.3 3,021.8 2,039.5 2,562.4 2,539.5 2,890.1 1,974.7 1,659 3,967 3,325 29,831 1,494 opulation 50-54 5,519 2,827 2,279 2,714 2,141.9 1,884.6 1,633.8 1,772.2 2,479.4 2,384.1 2,975.0 2,279.9 2,277.8 1,550.5 2,540.3 1,750 4,334 3,786 31,841 1,559 6,724 1,583 **64,916** 1,847.6 45-49 5,058 2,755 2,185 2,500 1,522.5 2,150.5 2,297.0 1,680.3 1,677.7 1,267.1 1,061.8 1,681.8 1,367.4 1,346.2 1,731 4,352 3,768 30,265 1,558 6,149 1,534 61,855 745.9 823.8 40-44 627.9 1,050.6 927.8 1,408.6 1,090.4 1,055.8 708.7 1,269.5 4,582 2,897 2,246 2,480 1,750 4,523 3,749 27,846 1,546 6,203 1,394 5,203 1,394 30-39 217.1 246.9 279.4 326.0 510.9 302.8 297.0 316.5 8,546 5,204 4,141 4,500 2,992 8,618 7,276 53,740 3,145 11,731 2,702 437.1 72.7 34.1 51.2 50.3 40.3 7.8 29.7 37.3 36.6 41.9 9,072 4,910 4,129 4,447 2,818 7,514 7,110 63,638 2,948 111,351 2,745 (20,682 12.6 19-29 4.8 21.3 19.7 36.7 23.7 17.9 17,892 10,010 7,671 8,782 5,873 16,427 113,880 107,421 6,444 20,791 5,767 5,767 Campbell Anderson Grainger Claiborne lefferson Anderson Campbell Claiborne Hamblen Hamblen Jefferson Grainger Cocke Cocke Sevier Union Knox Scott Sevier Union Total Knox Scott

2013 Projected Demand - Diagnostic Cardiac Catheterizations

		BOOK STATE	出るるのの	100 CO 100 CO		Projec	ted Demand							
	0.18	19-29	30-39	40-44	45.49	50-54	55-59	60-64	69-59	70-74	BOX.	86.84	*58	Total
Anderson	2.95	1.14	24.90	28.77	77.01	97.81	111.54	116.20	118.25	109.11	82.96	50.78	29.53	850.96
Campbell	2.62	3.57	22.75	30.44	50.90	70.09	71.33	83.46	92.86	71.60		24.13	7.65	581.86
Claiborne	0.37	1.41	12.30	20.84	46.99	54.33	65.84	89.13	87.92	55.36		19.31	4.83	493.96
Cocke	1.87	2.28	22.99	34.93	57.43	80.74	93.49	109.18	107.27	80.46		30.54	12.97	684.36
Grainger	1.16	1.42	9.47	15.86	29.09	39.90	42.51	52.08	62.29	41.02		17.30	2.60	349.93
Hamblen	6.03	3.03	26.10	49.32	73.01	98.72	130.61	139.26	166.61	130.88		50.42	19.54	989.84
Jefferson	3.29	0.55	23.72	39.58	47.74	81.09	99.96	96.78	117.53	92.52		30.32	8.30	695.95
Knox	19.23	18.90	116.67	197.34	321.35	493.69	589.07	644.47	651.12	507.44		233.15	107.45	4,277.55
Scott	0.77	1.10	77.77	19.63	26.20	39.60	45.15	48.32	51.72	36.93		12.90	3.29	322.63
Sevier	6.82	4.15	32.78	46.27	84.08	126.72	147.05	171.02	179.94	147.97		47.85	19.22	1,116.29
Union	2.01	1.15	8.91	11.48	20.65	25.86	30.63	30.98	28.46	24.33		6.92	0.74	207.19
Total	47.11	38.70	308.35	494.46	834.46	1,208.57	1,423.88	1,580.88	1,666.97	1,297.61		523.61	216.12	10,570.51

Attachment C.Economic Feasibility.1

JOHNSON&GALYON

November 6, 2012

Ms. Melanie Robinson Tennova Healthcare 900 E. Oak Hill Avenue Knoxville, TN 37917

Re:

Tennova NKMC

Cath Lab Renovations
Budget Estimate

Dear Melanie:

We are pleased to recommend a budget of One Million Three Hundred Two Thousand Two Hundred Eighty Nine Dollars (\$1,302,289) for the above referenced project. Breakdowns of our cost estimates are attached. The estimates are based on the attached schematic drawing and descriptions of the HVAC System prepared by BarberMcMurry architects.

The estimates are summarized as follows:

Area 1 – Waiting Expansion and Consult	\$ 158,901
Area 2 - Cath Lab	\$ 979,902 \$ 163,486
Area 3 – Prep/Recovery Expansion	\$1,302,289

We appreciate the opportunity to be of service to you. Should you have any questions, please call.

Sincerely,

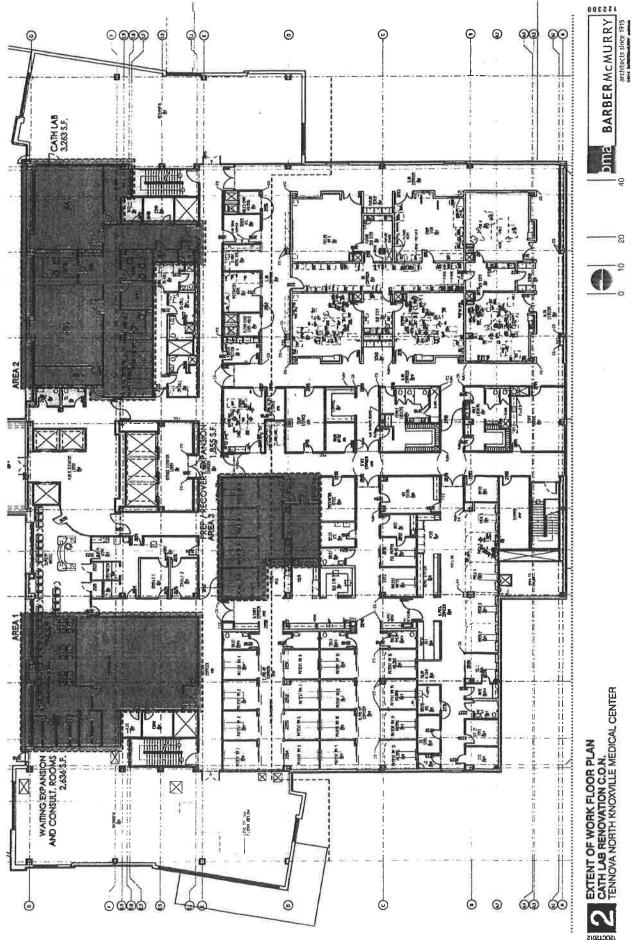
JOHNSON & GALYON, INC.

Mark A. Halcomb

Estimator

Attachments

Cc: Mike Driskill, BMa





Attachment B.II.A

JOHNSON&GALYON

November 6, 2012

Ms. Melanie Robinson Tennova Healthcare 900 E. Oak Hill Avenue Knoxville, TN 37917

Re:

Tennova NKMC

Cath Lab Renovations
Budget Estimate

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Sincerely,

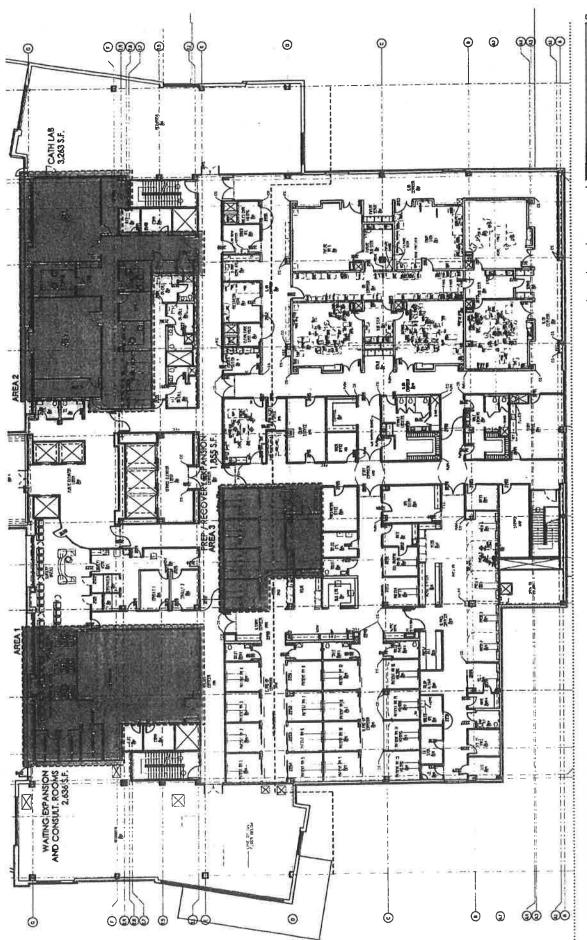
JOHNSON & GALYON, INC.

Mark A. Halcomb

Estimator

Attachments

Cc: Mike Driskill, BMa



EXTENT OF WORK FLOOR PLAN
CATH LAB RENOVATION C.O.N.
TENNOVA NORTH KNOXVILLE MEDICAL CENTER

BARBERMCMURRY

architects since 1915



Attachment C.Economic Feasibility.2



November 12, 2012

Ms. Melanie Hill
Executive Director
Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

Dear Ms. Hill:

This letter is confirmation that as the Chief Financial Officer of Tennova Healthcare we have sufficient cash reserves to fully fund the capital costs of \$4,377,421 associated with the application to initiate diagnostic cardiac catheterization services at North Knoxville Medical Center (estimate includes legal and administrative costs, construction costs, equipment costs, and a contingency fund). These costs will be funded through Tennova Healthcare's disbursement account, which is funded daily by Health Management Associates.

We are a part of Health Management Associates, a proprietary health system operating in 15 states. As part of its purchase of Tennova Healthcare, formerly Mercy Health Partners, Health Management committed to invest \$180 million of capital in this region over five years. The capital for this project is part of that commitment.

Sincerely,

Bill Ziesmer

Chief Financial Officer

Attachment C.Economic Feasibility.10

2012 NOV 14 AM 10 04



2011 ENABLING AMERICA'S BEST LOCAL HEALTH CARE. ANNUAL REPORT TO SHAREHOLDERS



Learn how Health Management is enabling the best local health care in communities throughout the United States.



Health Management Associates provides the people, processes, capital and expertise necessary for our hospital and physician partners to fulfill their local missions of delivering superior health care services.

Our strategy of ensuring that the most modern, highest quality care remains close to the citizens of America's rural and non-urban towns gains ever increasing importance as local resources are stretched thin in this difficult economy.

Now, as much as ever, Health Management stands ready to enable the success of our current and prospective partners.

are servant leaders. don't settle. do the right thing.



The Joint Commission recognized nearly 60 percent of the Hospitats Health Management operates as Top Performers on Key Quality (Measules—Weillabord national quality performance levels)



On September 30, the seven-hospital system operated by Mercy, mealth Partners in Knowdile 1N officially became part of the Health Management tandly of hospitals and began operating as Terricia microfilmare.



Fortune magazine named Health Management one of the World's Most Admirec Companies in Health Care: Medical Facilities, Wither that category, Health Management was named the No.1 company in quality of products/services and in social responsibility.

TO OUR SHAREHOLDERS AND PARTNERS:

Looking back, if there were one phrase to describe the reason for the company's 2011 record financial results for our shareholders and outstanding quality of care for our patients, it would be "local partnerships."

Thirty-five years ago, Health Management was founded to ensure the availability and vitality of health care in non-urban communities throughout the United States. Today, despite an ever-changing health care and economic landscape, our single mission remains much the same—to enable America's best local health care.

It is our localized focus that drives us to develop very personal partnerships with local Associates, physicians and community leaders. It's through their view of local needs that we shape the vision and strategic plans for each individual health system. Every community needs something unique from its hospital and physicians. In essence, each has its own local mission.

It is our job then to provide the people, processes, capital and expertise that our hospitals and physician partners need to fulfill their local missions of delivering superior health care in their communities. At every level, this is accomplished by being guided by three principles: 1) We are servant leaders; 2) We do the right thing; and 3) We don't settle.

In 2012 and beyond, in whatever form federal regulations take, the need for health care services will continue to grow. Health Management is ready for the growth. We are ready to serve our existing communities. Additionally, we are ready to apply our financial, technological, operational, and patient-centered approach to develop new partnerships with hospitals seeking to continue and expand their local missions of meeting their communities' health care needs.

STRONG OPERATING RESULTS

By staying true to our guiding principles and maintaining the course set three years ago, 2011 was another outstanding year for the company. Health Management grew its net revenue by 14% to a record \$5.8 billion, increased its income from continuing operations by more than 11% to \$206.3 million, and grew diluted earnings per share by nearly 17% to \$0.70. Operating cash flow from these earnings totaled more than \$544.0 million and was used to acquire or partner with eight new hospitals, representing approximately \$650 million of annual revenue, and to invest in more than \$300 million in capital to expand and upgrade our hospitals' breadth of services.

We remained disciplined in our approach in 2011, staying focused on three fundamental operating initiatives: emergency room operations, physician recruitment, and market service development. This will continue in 2012.

A STRONG CULTURE

These outstanding 2011 financial results were achieved while-most importantly-reaching our most essential goals: delivering the highest quality care, and developing an outstanding company culture. We were very proud to recently be named as one of Fortune magazine's Most Admired Companies in Health Care, ranking number one in both Quality of Services and Social Responsibility in the Health Care: Medical Facilities category. These accolades are based on results generated from our patient-centered culture which, in our belief, was the strongest deciding factor in our being chosen in September to acquire seven hospitals in eastern Tennessee from Catholic Health Partners—the largest single acquisition in the company's history.

In order to be an effective, long-term partner with our hospitals and communities, we must not only possess financial strength, but we also must have a sound culture. One focus of 2011 was to build upon the foundation of our cultural initiative, *Getting 2 Great' (G2G)*. G2G is a company-wide initiative to build a stronger, more cohesive culture for Health Management's team of Associates, physicians, caregivers and leaders. While each of our hospitals is distinctly different, G2G is designed to ensure we are all working toward our common goals and providing outstanding experiences for patients, families, physicians and Associates.

Six Pillars—People, Service, Quality, Innovation, Finance and Growth—provide the foundation for G2G and the care that our hospitals provide each day.

PEOPLE

It is only through an engaged and happy team of service providers that each hospital's patients have an excellent experience. Our Associates are truly the backbone of our success.

We reward and recognize the contributions of Associates and physicians, create a positive work environment where teamwork is encouraged and provide opportunities for individual growth and achievement.

As Health Management continues to evolve and grow, we must continually reengineer the organizational structure for growther one that leverages our resources across a wide geographic base and ensures that effective leaders are in



William J. Schoen, Chairman

Gary D. Newsome, President & Chief Executive Officer

place to enable success, in 2011, we initiated a new organizational structure and bolstered our corporate and divisional leadership ranks with executives capable of leading us through what we believe will be an extended period of strong growth. Associate surveys, which we conduct on a daily basis, are just one measure of our organizational success. In 2011, those surveys indicate that our new structure and leaders are creating a stronger, happier work environment, with more than 83% of our Associates reporting high overall job satisfaction—which in turn leads to high physician and patient satisfaction.

SERVICE

At Health Management, we are committed to providing outstanding customer service, one patient experience at a time.

In every role, every day, we serve our physicians, fellow Associates, and most importantly, our patients and their families. Service is all encompassing and never ending. Examples of our commitment include: providing world-class chest pain/stroke centers in partnership with nationally recognized Shands HealthCare/affiliated with the University of Florida; launching hourly patient rounding programs for hospital leadership to ensure frequent interaction with patients and Associates: color coding uniforms for easier recognition of department personnel by patients; and, redesigning our billing statements so they are easier to read and more customer friendly. Every day, we are looking for ways to better serve: which has resulted in dramatic improvements in our patient satisfaction scores, and in some cases, setting new highs for the company.

QUALITY

Service at the highest level of excellence is quality. We strive in everything we do to provide the highest degree of quality health care services to the communities we serve, and to be the recognized reader in outcomes and quality. Indeed during 2011, thirty-live of our then 59 hospitals or nearly 60%, were named as Top Performers on Key Quality Measures by The Joint Commission the leading accreditor of health care organizations in America Likewise Health Management set the highest Medicare Core Measure Composite Score in company history. Lastly, early this year, two Health Management hospitals. Sparks Health System in Ft. Smith, Arkansas, and Riverview Regional Medical Center in Gadsden, Alabama, were named as two of the Best Regional Hospitals in the United States by U.S. News & World Report.

INNOVATION

Health Management is always striving to elicit and implement ideas for advancing operational clinical, and service excellence to the benefit of our physicians. Associates and patients.

We continue to invest in technology, having introduced more than 60 state-of-the-art robot c surgical systems to our communities over the last two years, allowing for outpatient orthopedic and other surgeries that were unheard of, and unavailable locally just five years ago. We are working with our physicians and nurses to develop mobile applications to securely access real-time patient information to better implement care plans, But innovation at Health Management in 2017 reached beyond just technologically advanced equipment. We now successfully deploy data and predictive analytics to enhance revenue cycle management, improve collection efforts, reduce risk through more accurate coding and effectively manage resources and staffing levels. Predictive analytics offers us unlimited future opportunities to operate more efficiently and improve the hospital experience.

FINANCE

We are a stronger company today. In 2011 we successfully completed a balance sheer restructuring during the fourth quarter and took advantage of improving capital markets and attractive interest rates to refinance approximately \$3.5 billion of our debt and extend maturities.

Illowing us to maintain our goal of being an industry leader in financial efficiency thus enabling capital expenditures in existing markets and contacting development opportunities in new areas.

GROWTH

We expect continued growth Internally, for example, to meet the health care needs of our communities, viel ave added more than 600 physicians to our medical stalfs each year over the past three years, with approximately 670 physicians being added in 2011. That will continue. Externally, we completed two transactions in 2017. First we partnered with physicians to joint venture the 112-bed Tri-Lakes Medical Center in Batesville, Mississippi, Then, we completed our largest single acquisition of the seven-hospital Morcy Health System in and around Knoxville Tennessee, which was rebranded Tennova Healthcare, Combined these hospitals bring approximately \$650 million of additional annual revenue to the company.

Faced with the challenges of restrictive capital markets, limited IT resources, health care reform, and a languishing economy, many hospitals are seeking partners, such as Health Management, who have access to capital, operational expertise, and a positive culture, to help them survive and continue to achieve their missions of care in non-urban communities. The opportunity to partner with quality hospitals and health systems is as good as we have ever seen it.

These successful partnerships are indicative of our confidence in Health Management's current growth, operational strategies and cultural change. We are discovering that our Associates are finding themselves by losing themselves in the service of others. The prospects of servant leadership, doing the right thing and never settling are attracting Associates of high caliber to our organization and they are making differences in the lives of the people they serve. We are proud to partner with our physicians, nurses, and Associates to continue to innovate health care and deliver the value our patients and stakeholders expect as we enable America's best local health care.

Wholen OShwon

Bill and Gary

Naples, FL March 27, 2012



"All chart data is from continuing operations (in thousands)...

AMABAMA

Piverview Regional, Gadsden ngfellow Memorial Hospital, Anniston

ARKANSAS

Sparks Health System, Fort Smith Summit Medical Center, Van Buren

Bartow Regional, Bartow Brooksville Regional, Brooksville Charlotte Regional, Punta Gorda Heart of Florida Regional, Greater Haines City Highlands Regional, Sebring Lehigh Regional, Lehigh Acres Lower Keys Medical Center, Key West Pasco Regional, Dade City Peace River Regional, Port Charlotte Physicians Regional-Collier Blvd, Naples Physicians Regional-Pine Ridge, Naples Santa Rosa Medical Center, Milton Sebastian River Medical Center, Sebastian Seven Rivers Regional, Crystal River Shands Lake Shore Regional, Lake City Shands Live Oak Regional, Live Oak Shands Starke Regional, Starke Spring Hill Regional, Spring Hill St. Cloud Regional, St. Cloud Venice Regional, Venice Wuesthoff Medical Center-Melbourne, Melbourne Wuesthoff Medical Center-Rockledge, Rockledge

GEORGIA

Barrow Regional, Winder East Georgia Regional, Statesboro Walton Regional, Monroe

KENTUCKY

Paul B. Hall Regional, Paintsville

MISSISSIPPI

Biloxí Regional, Biloxi ntral Mississippi Medical Center, Jackson isgates River Oaks Hospital, Brandon umore Memorial Regional, Amory Madison River Oaks, Canton Natchez Community Hospital, Natchez Northwest Mississippi Regional, Clarksdale River Oaks Hospital, Flowood Tri-Lakes Medical Center, Batesville Woman's Hospital at River Oaks, Flowood

MISSOURI

Poplar Bluff Regional, Poplar Bluff Twin Rivers Regional, Kennett

NORTH CAROLINA

Davis Regional, Statesville Lake Norman Regional, Mooresville Sandhills Regional, Hamlet

OKLAHOMA

Medical Center of Southeastern Oklahoma, Durant Midwest Regional, Midwest City

PENNSYLVANIA

Carlisle Regional, Carlisle Heart of Lancaster Regional, Lititz Lancaster Regional, Lancaster

SOUTH CAROLINA

Carolina Pines Regional, Hartsville Chester Regional, Chester

TENNESSEE

Harton Regional, Tullahoma Jamestown Regional, Jamestown Jefferson Memorial Hospital, Jefferson City LaFollette Medical Center, LaFollette Newport Medical Center, Newport North Knoxville Medical Center, Powell Physicians Regional, Knoxville St. Mary's Medical Center of Scott County, Oneida key Creek Medical Center, Knoxville resity Medical Center, Lebanon

TEXAS

Dallas Regional, Mesquite

WASHINGTON

Toppenish Community Hospital, Toppenish Yakima Regional, Yakima

WEST VIRGINIA

Williamson Memorial Hospital, Williamson

COMPANY PROFILE

Health Management Associates, Inc. (NYSE: HMA) is an owner and operator of general acute care hospitals in non-urban communities located throughout the United States, primarily in the southeast.

Health Management's mission is to enable America's best local health care. We provide the people, processes, capital and expertise that we believe ensures our local hospitals can achieve their mission to deliver compassionate, high quality health care services that significantly improve the lives of the patients, physicians and communities they serve.

In support of its mission, Health Management:

- Provides dynamic hospital and home office leadership
- Invests capital to renew hospital facilities
- Recruits physicians to expand a hospital's breadth of services in response to community needs
- Introduces proven hospital best practices designed to improve the quality of care, promote wise use of resources, and increase patient and physician satisfaction

At December 31, 2011, Health Management had grown to include 66 hospitals located in 15 states, with a total of approximately 10,300 licensed beds. During 2011, Health Management generated more than \$5.8 billion of net revenue.

Founded in 1977, Health Management's common stock was owned by approximately 900 shareholders of record as of December 31, 2011, including several hundred institutional investors.





GROUP OPERATIONAL LEADERSHIP

EASTERN GROUP John M. Starcher, Jr. Group President

Chris R. Hilton Group Chief Financial Officer

Angela M. Marchi Atlantic Division President

Michael W. Garfield Tennessee Division President

FLORIDA GROUP Alan M. Levine Group President

David W. Rothenberger Group Chief Financial Officer

Michael M. Fencel North Florida Division President

Kathy A. Burke South Florida Division President

SOUTHERN AND WESTERN GROUP Joe D. Pinion Group President

Bashar A. Abunaser Group Chief Financial Officer

William V. Williams, III Southern Division President

Ann M. Barnhart Western Division President **EXECUTIVE LEADERSHIP**

Gary D. Newsome President and Chief Executive Officer

Kelly E. Curry Executive Vice President and Chief Financial Officer

Robert E. Farnham Senior Vice President - Finance

Kerry E. Gillespie Executive Vice President - Operations Finance

Linda A. Epstein Acting General Counsel

HOME OFFICE LEADERSHIP

Kenneth R. Chatfield Chief Information Officer

Lisa Gore Senior Vice President - Clinical Affairs

Paul A. Hurst, III Senior Vice President - Government Relations

James L. Jordan Senior Vice President - MIS

Kenneth M. Koopman Senior Vice President - Reimbursement

Peter M. Lawson Executive Vice President - Development

Gary J. Link Senior Vice President - Administration

Patrick E. Lombardo Senior Vice President - Human Resources

Johnny A. Owenby Senior Vice President - Support Services

Ronald N. Riner, M.D. Chief Medical Officer

Jack D. Towsley, Jr. Senior Vice President - Payor Relations

Eric L. Waller Chief Marketing Officer **OUTSTANDING DEPARTMENT** DIRECTORS OF THE YEAR

Carlos Felix Bartow Regional Medical Center

Larry Jervis Paul B. Hall Regional Medical Center

Ron Kubiak Venice Regional Medical Center

Michelle Miller Medical Center of Southeastern Oklahoma

Margaret Stubblefield Crossgates River Oaks Hospital

OUTSTANDING NURSES OF THE YEAR

Lishia Biliter, RN Williamson Memorial Hospital

Kristine Conroy, RN Charlotte Regional Medical Center

Randy Parker, RN Gilmore Memorial Regional Medical Center

Helen Russo, RN Spring Hill Regional Hospital

LeeAnn Stuart, RN Twin Rivers Regional Medical Center

OUTSTANDING ASSOCIATES OF THE YEAR

Patricia Albin River Oaks Hospital

Elizabeth Black Sebastian River Medical Center

Carmen Cappacetti St. Cloud Regional Medical Center

Robert Conatser Jamestown Regional Medical Center

Wayne McCloud Chester Regional Medical Center

PRESIDENT'S LEADERSHIP AWARD

The President's Leadership Award was created in 2010 and was awarded posthumously to Bradley E. Jones, our dear Associate who lost his battle to lung disease in February 2010. This annual honor recognizes those individuals with the same qualities we so greatly admired in Brad: selflessness, servant leadership, high-achievement, positivity and a caring spirit.

The distinguished honorees are:

2009 Bradley E. Jones

John I. Erickson, Jr., Lisa Gore 2010 D. Melody Trimble

MaryAnn Hodge, Judson Ivy 2012

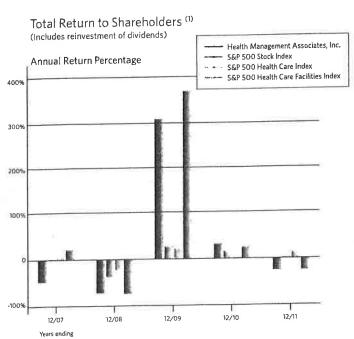
2011



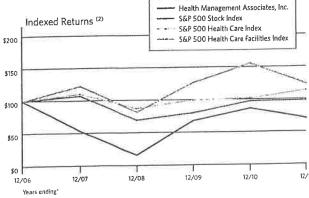
FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share amounts)	EAR ENDED EC. 31, 2011		AR ENDED C. 31, 2010
OPERATING DATA (From continuing consolidated operations)			
Net revenue	\$ 5,804,451	\$:	5,092,166
Income before income taxes (a)	312,405		286,823
Net income attributable to Health Management Associates, Inc.(b)	178,710		150,069
Earnings per share from continuing operations attributable to			
Health Management Associates, Inc. common stockholders (diluted)	\$0.71		\$0.65
Cash flow from continuing operating activities	\$ 544,022	\$	434,691
	2011		2010
YEAR-END DATA			
Total assets	\$ 6,004,189	\$ 4	4,910,085
Long-term debt	3,574,998	3	3,018,464
Stockholders' equity (a)	785,116		533,486
Number of employees	40,600		35,800
Number of hospitals	66		59

⁽a) Includes amounts attributable to noncontrolling interests.



Stock Price Performance Graph (1)



- (1) The graphs on this page compare total return to shareholders (including reinvestment of dividends) and stock price performance, respectively, of Health Management's common stock with the companies in the S&P 500 Stock Index, the S&P 500 Health Care Index and the S&P 500 Health Care Facilities Index during the periods indicated.
- (2) Assumes \$100 invested on December 31, 2006.

⁽b) Includes discontinued operations.

HEALTH MANAGEMENT ASSOCIATES, INC. CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

		Y	ears En	ded December	31.	
		2011		2010		2009
Net revenue	\$	5,804,451	\$	5,092,166	\$	4,536,106
Salaries and benefits		2.302,844		2,016,967		1,779,440
Supplies		776.598		703,426		637,663
Provision for doubtful accounts		716,856		624,753		553,639
Rent expense		154,279		122,983		100,990
Other operating expenses		1,067,980		892,465		788,051
Medicare and Medicaid HCIT incentive payments		(39,982)		*		
Depreciation and amortization		267,900		241,873		234,883
Interest expense		222,747		211,673		217,938
Gains on early extinguishment of debt, net		1.4		2 <u>1</u>		(16,202)
Write-offs of deferred debt issuance costs and related other		24,595		4		444
Other		(1,771)		(8,797)		(4,980)
		5,492,046		4,805,343		4,291,866
Income from continuing operations before income taxes		312,405		286,823		244,240
Provision for income taxes		(106,071)		(101,049)		(82,937)
Income from continuing operations		206,334		185,774		161,303
Income (loss) from discontinued operations, including gains/losses		•		,		
on disposals, net of income taxes (see Notes 4 and 10)	0,====	(2,409)		(13,526)		2,638
Consolidated net income		203,925		172,248		163,941
Net income attributable to noncontrolling interests	-	(25,215)		(22,179)	-	(25,759)
Net income attributable to Health Management Associates, Inc.	\$	178,710	\$	150,069	\$	138,182
Earnings (loss) per share attributable to Health Management Associates, Inc. common stockholders: Basic						
Continuing operations	\$	0.72	\$	0.66	\$	0.55
Discontinued operations	Ψ	(0.01)	Ψ	(0.05)	Ψ	0.01
Net income	\$	0.71	\$	0.61	\$	0.56
Diluted	Ψ.	0.7.2		0.01	_	0.00
2	\$	0.71	\$	0.65	\$	0.55
Continuing operations Discontinued operations	Ψ	(0.01)	Ψ	(0.05)	Ψ	0.01
Net income	\$	0.70	\$	0.60	\$	0.56
thet illiconte	Ψ	0.70		0.00	Ψ	0.50
Weighted average number of shares outstanding:						
Basic		251,541		248,272		245,381
Diluted		255,037	-	251,106		246,965

HEALTH MANAGEMENT ASSOCIATES, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (in thousands)

		Ye	ars End	led December	31,	
		2011		2010	_	2009
Consolidated net income Components of other comprehensive income (loss) before income taxes attributable to:	\$	203,925	\$	172,248	\$	163,941
Interest rate swap contract Changes in fair value Reclassification adjustments for amortization		47,735		(17,646)		85,923
of expense into net income Net activity attributable to the interest rate swap contract		10,384 58,119		(17,646)		85,923
Available-for-sale securities Unrealized gains (losses) on available-for-sale securities, net		(117)		2,473		2,086
Adjustments for net (gains) losses reclassified into net income		(1,020)		(2,143)		- 27
Net activity attributable to available-for-sale securities	-	(1,137)		330	:	2,086
Other comprehensive income (loss) before income taxes		56,982		(17,316)		88,009
Income tax (expense) benefit related to items of other comprehensive income (loss) Other comprehensive income (loss), net		(21,298) 35,684		6,434 (10,882)		(38,337) 49,672
Total consolidated comprehensive income		239,609		161,366		213,613
Total comprehensive income attributable to noncontrolling interests		(25,215)		(22,179)	-	(25,759)
Total comprehensive income attributable to Health Management Associates, Inc. common stockholders	\$	214,394	\$	139,187	\$	187,854

HEALTH MANAGEMENT ASSOCIATES, INC. CONSOLIDATED BALANCE SHEETS (in thousands, except per share amounts)

	Decen	nber 31,
	2011	2010
	K	
ASSETS		
Current assets:	\$ 64,143	\$ 101,812
Cash and cash equivalents	\$ 64,143 122,277	\$ 101,812 57,327
Available-for-sale securities Accounts receivable, less allowances for doubtful accounts of \$578,972	122,277	31,321
and \$495,486 at December 31, 2011 and 2010, respectively	903,517	759,131
Supplies, at cost (first-in, first-out method)	156,529	137,214
Prepaid expenses	59,066	46,867
Prepaid and recoverable income taxes	61,756	44,961
Restricted funds	28,289	39,684
Assets of discontinued operations	14,561	11,384
Total current assets	1,410,138	1,198,380
Property, plant and equipment:		
Land and improvements	249,842	201,278
Buildings and improvements	2,848,185	2,431,910
Leasehold improvements	259,048 1,565,236	200,538 1,332,064
Equipment	1,303,230	99,645
Construction in progress	5,086,496	4,265,435
Accumulated depreciation and amortization	(1,823,324)	(1,602,488)
Net property, plant and equipment	3,263,172	2,662,947
	06.044	51 D65
Restricted funds	96,244	51,067
Goodwill	999,380 235,255	909,470 88,221
Deferred charges and other assets		00,221
Total assets	\$ 6,004,189	\$ 4,910,085
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 198,120	\$ 172,501
Accrued payroll and related taxes	80,281	83,286
Accrued expenses and other liabilities	368,790	226,125
Due to third party payors	20,658	11,921
Deferred income taxes	50,466	27,052
Current maturities of long-term debt and capital lease obligations	85,509	34,745
Total current liabilities	803,824	555,630
Deferred income taxes	234,080	157,177
Long-term debt and capital lease obligations, less current maturities	3,489,489	2,983,719
Other long-term liabilities	491,037	478,586
Total liabilities	5,018,430	4,175,112
Redeemable equity securities	200,643	201,487
Stockholders' equity:		
Health Management Associates, Inc. equity:		
Preferred stock, \$0.01 par value, 5,000 shares authorized, none issued	*	*
Common stock, Class A, \$0.01 par value, 750,000 shares authorized, 254,156 shares		
and 250,880 shares issued at December 31, 2011 and 2010, respectively	2,542	2,509
Accumulated other comprehensive income (loss), net of income taxes	(95,440)	(131,124)
Additional paid-in capital	156,859	123,040
Retained earnings	705,180	526,470 520,895
Total Health Management Associates, Inc. stockholders' equity	15,975	12,591
Noncontrolling interests Total stockholders' equity	785,116	533,486
Total liabilities and stockholders' equity	\$ 6,004,189	\$ 4,910,085
Total manning and stookholders equity		

HEALTH MANAGEMENT ASSOCIATES, INC. CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY Years Ended December 31, 2011, 2010 and 2009

(in thousands)

		He	ealth Management As	sociates, Inc.			
	_		Accumulated Other	Additional	D. A. C.	N	Total
		Par Value	Comprehensive Income (Loss), Net	Paid-in Capital	Retained Earnings	Noncontrolling Interests	Stockholders' Equity
	Shares	Par value	Income (Loss), Net	Сариал	Earnings	Interests	Equity
Balances at January 1, 2009	244,221	\$ 2,442	\$ (169,914)	\$ 108,374	\$ 238,219	\$ 106,690	\$ 285,811
Net income	-	-		-	138,182	25,759	163,941
Unrealized gains (losses) on available-for-sale			1 261				1 251
securities and reclassifications into net income, net	₹.	*	1,351	-	•	•	1,351
Change in fair value of interest rate swap contract and amortization of expense into net income, net			48,321	_			48,321
Exercises of stock options and related tax matters	1,632	16	70,521	10,734	15 A 34	::E: ::=:	10,750
Issuances of deferred stock and restricted stock	1,052	10		10,75			10,700
and related tax matters	2,664	27		(1,376)	39		(1,349)
Stock-based compensation expense	-,	-		10,867	. 4	1, 120	10,867
Distributions to noncontrolling shareholders	*		*0	(e)		(29,227)	(29,227)
Incremental costs of certain transactions with							
noncontrolling shareholders	*		•	(1,054)	2	(2)	(1,054)
Restructuring of a joint venture with							
Novant Health, Inc., net (see Note 4)	-		E.	(31,014)		(28,206)	(59,220)
Reclassification to redeemable equity securities		- 2				(68,571)	(68,571)
Balances at December 31, 2009	248,517	2,485	(120,242)	96,531	376,401	6,445	361,620
Net income		**		2	150,069	22,179	172,248
Unrealized gains (losses) on available-for-sale							
securities and reclassifications into net income, net	•	2	221	2	C .		221
Change in fair value of interest rate swap contract and							
amortization of expense into net income, net	21	¥7	(11,103)	-	2		(11,103)
Exercises of stock options and related tax matters	1,094	11		11,328		•	11,339
Issuances of deferred stock and restricted stock				(0.105)			(2.452)
and related tax matters	1,269	13		(3,185)	*	3	(3,172)
Stock-based compensation expense	(E	2.61		18,366	*	(10.500)	18,366
Distributions to noncontrolling shareholders	0.50	3/ T (•	5		(19,598)	(19,598)
Noncontrolling shareholder interests						2565	1565
in an acquired business	250 000	2.500	(121 124)	127.040	526,470	3,565	3,565 533,486
Balances at December 31, 2010	250,880	2,509	(131,124)	123,040	526,470	12,391	333,480
Net income	:*:	:35	19.5	i *	178,710	25,215	203,925
Unrealized gains (losses) on available-for-sale							
securities and reclassifications into net income, net	180	603	(741)	=	54	- 5	(741)
Change in fair value of interest rate swap contract and							***
amortization of expense into net income, net	8,50	(3)	36,425	44.005		•	36,425
Exercises of stock options and related tax matters	1,563	16		16,237	(i) (i)	**	16,253
Issuances of deferred stock and restricted stock				(5.5)			(7.600)
and related tax matters	1,713	17	i a 11	(7,587)	0,95	•	(7,570)
Stock-based compensation expense	20	25	7	25,169	077	-	25,169
Distributions to noncontrolling shareholders	-	-		I*9	() e)	(25,394)	(25,394)
Noncontrolling shareholder interests						2.5/2	2.5/2
in acquired businesses	8	0 0 0 0 0	¢ (00.440)	0 150,000	0 206 100	3,563	3,563
Balances at December 31, 2011	254,156	\$ 2,542	\$ (95,440)	\$ 156,859	\$ 705,180	\$ 15,975	\$ 785,116

HEALTH MANAGEMENT ASSOCIATES, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

	Ye	ars Ended Decemb	er 31,
	2011	2010	2009
Cash flows from operating activities:			
Consolidated net income	\$ 203,925	\$ 172,248	\$ 163,941
Adjustments to reconcile consolidated net income to net cash			
provided by continuing operating activities:			
Depreciation and amortization	274,526	248,583	241,683
Amortization related to interest rate swap contract	10,384		*
Fair value adjustment related to interest rate swap contract	5,979	=	2
Provision for doubtful accounts	716,856	624,753	553,639
Stock-based compensation expense	25,169	18,366	10,867
Losses (gains) on sales of assets, net	1,325	(711)	(1,228)
Gains on sales of available-for-sale securities, net	(518)	(4,328)	(1,384)
Gain on early extinguishment of debt, net	-		(16,202)
Write-offs of deferred debt issuance costs	24,045	3 -	444
Deferred income tax expense	79,159	20,311	90,467
Changes in assets and liabilities of continuing			
operations, net of the effects of acquisitions:			
Accounts receivable	(870,898)	(731,607)	(595,780)
Supplies	(3,108)	(14,250)	(3,917)
Prepaid expenses	(8,271)	(6,393)	(348)
Prepaid and recoverable income taxes	(18,987)	31,020	881
Deferred charges and other long-term assets	(5,785)	5,382	(12,025)
Accounts payable	23,380	31,699	(21,296)
Accrued expenses and other liabilities	87,431	27,370	27,690
Equity compensation excess income tax benefits	(2,999)	(1,278)	(218)
(Income) loss from discontinued operations, net	2,409	13,526	(2,638)
Net cash provided by continuing operating activities	544,022	434,691	434,576
Cash flows from investing activities:			
Acquisitions of hospitals and other ancillary health care businesses	(582,090)	(191,454)	(138,764)
Additions to property, plant and equipment	(302,046)	(209,108)	(198,878)
Proceeds from sales of assets and insurance recoveries	2,765	3,150	5,326
Proceeds from sales of discontinued operations	4,851	26,360	
Purchases of available-for-sale securities	(1,385,580)	(921,724)	(86,527)
Proceeds from sales of available-for-sale securities	1,321,398	904,881	50,000
Decrease (increase) in restricted funds, net	(35,309)	(5,758)	11,590
Net cash used in continuing investing activities	(976,011)	(393,653)	(357,253)
	-		

HEALTH MANAGEMENT ASSOCIATES, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (continued) (in thousands)

		Yea	ars En	ded Decembe	r 31,	
	=	2011		2010	_	2009
Cash flows from financing activities:						
Proceeds from long-term borrowings	\$	3,356,970	\$		\$	38,000
Principal payments on debt and capital lease obligations		(2,869,380)		(40, 147)		(127,073)
Payments of debt issuance costs		(75,149)		· ·		-
Repurchases of convertible debt securities in the open market				₩.		(67,714)
Proceeds from exercises of stock options		14,067		7,469		9,699
Cash received from noncontrolling shareholders, net of certain costs		:e:		2,547		54,796
Cash payments to noncontrolling shareholders		(28,284)		(20,630)		(35,377)
Equity compensation excess income tax benefits		2,999		1,278		218
Net cash provided by (used in) continuing financing activities		401,223	_	(49,483)	_	(127,451)
Net decrease in cash and cash equivalents before discontinued operations		(30,766)		(8,445)		(50,128)
Net increases (decreases) in cash and cash equivalents from discontinued operations:						
Operating activities		5,991		5,672		14,593
Investing activities (see Note 10)		(12,894)		(1,433)		(1,503)
Financing activities	8	 ;	_	<u>?€</u> ?		(558)
Net decrease in cash and cash equivalents		(37,669)		(4,206)		(37,596)
Cash and cash equivalents at the beginning of the year		101,812		106,018		143,614
Cash and cash equivalents at the end of the year	\$	64,143	\$	101,812	\$	106,018
Supplemental disclosures of cash flow information:						
Cash paid during the year for:						
Interest, net of amounts capitalized	\$	188,734	\$	204,576	\$	204,718
Income taxes	\$	50,651	\$	69,443	\$	32,124

Copy

Supplemental #1

Tennova Healthcare

CN1211-056

November 28, 2012 11:05am

2012 NOV 28 AM 11 05

November 27, 2012

Jeffrey D. Potter Senior Vice President Tennova Healthcare. 200 E. Blount Street, Suite 600 Knoxville, TN 37920

Certificate of Need Application CN1211-056 RE:

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare - North Knoxville

Medical Center

Dear Mr. Potter:

This will acknowledge our November 14, 2012 receipt of your application for a Certificate of Need for the initiation of diagnostic cardiac catheterization services to be located at North Knoxville Medical Center Campus, 7565 Dannaher Drive, Powell (Knox County), TN 37849.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 PM, Wednesday, November 28, 2012. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A, Item 4

Please provide documentation from the Tennessee Secretary of State web-site that Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-North Knoxville Medical Center is an active LLC.

Documentation is attached as Attachment 1, demonstrating that Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare - North Knoxville Medical Center is an active LLC.

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2. Section A, Item 9 (Bed Complement Chart)

The applicant has placed a N/A in the name of the management/operating entity (if applicable). The historical data chart reflects the applicant paid \$8,737,825 in management fees to affiliates in 2011. Please clarify.

The response was meant to indicate that there is no outside management company outside the Health Management Associates' family of companies. Health Management Associates, Inc. is the parent company of the entity, "Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – North Knoxville Medical Center". Health Management Associates provides centralized support services to North Knoxville Medical Center, such as information technology, legal, managed care, and human resources services.

3. Section B, Project Description, Item II. C. (Applicant's Need)

The applicant states cardiac catheterization was approved as part of the Original CON to build what was then known as St. Mary's Medical Center North approximately 5 years ago. Where have the patients that were projected to receive services during this time gone for cardiac catheterization services? Also, please address the marketing and education efforts that will be made by the applicant to attract patients for cardiac catheterization services in Year One and Year Two.

Because cardiac catheterization services have not been available to this point at North Knoxville Medical Center, patients who want to be treated by East Tennessee Heart Consultants have received those services at Physicians Regional Medical Center or Turkey Creek Medical Center. Some patients also received services at other Knox County hospitals, or in Anderson County at Methodist Medical Center of Oak Ridge.

Primary marketing efforts to attract patients for cardiac catheterization services will be focused on the physicians who refer patients to East Tennessee Heart Consultants, to ensure that they know diagnostic cardiac catheterization services are available at North Knoxville Medical Center. Those physicians are primary care doctors who serve the 11 county service area for this project, with the heaviest focus being on those physicians in north Knox county, eastern Anderson county, and Campbell, Claiborne, Scott, and Union counties. There will also be outreach and education for EMS providers, so that they are aware of the new service being offered.

The applicant mentions an affiliated organization named Turkey Creek Medical Center later in the application. Please indicate the distance Turkey Creek is from the applicant and the type of services available there that is similar to those being proposed in this application.

Turkey Creek Medical Center is located 19 miles away, in far west Knox County. Turkey Creek Medical Center provides both diagnostic and therapeutic cardiac catheterization services, as well as an open heart surgery program.

4. Section B, Project Description, Item II. E.1.a and b. (Mobile Major Medical Equipment and proposed schedule of operations)

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The applicant is proposing to schedule vascular surgery one day per week and diagnostic catheterizations two days per week starting at 7 am each day of surgery. Please complete the following table for Year Two of the proposed project

project.					
	Monday	Tuesday	Wednesday	Thursday	Friday
	(Hours of	(Hours of	(Hours of	(Hours of	(Hours of
	Operation)	Operation)	Operation)	Operation)	Operation)
Vascular Surgery	7:00 a.m	<u> </u>			
, ,	3:00 p.m.				
Cardiac		7:00 a.m	7:00 a.m. –		
Catheterizations		3:00 p.m.	3:00 p.m.		

The applicant states when necessary patients will be transferred to its tertiary medical hospital, Physicians Regional Medical Center. Please provide possible scenarios when a transfer may occur. Also, please indicate if the services that may be needed at Physicians Regional Medical Center will be available during the proposed hours of operation that will be listed in the table above.

Possible scenarios requiring a transfer are:

 During the course of an outpatient, diagnostic cardiac catheterization procedure, a high grade of stenosis is found. If the patient is very symptomatic or a high-risk patient, it would be appropriate to transfer the patient for a therapeutic procedure as opposed to discharging the patient.

If, during the course of a diagnostic cardiac catheterization procedure the patient becomes very unstable and cannot be stabilized, a transfer would be

required.

• If an inpatient becomes highly symptomatic with triple vessel disease, it would be appropriate to transfer that inpatient for surgery.

Because Physicians Regional Medical Center is a tertiary hospital, emergency cardiac catheterization and open heart surgery services are available 24 hours a day, 7 days per week.

The type of equipment being proposed is the Phillips Allura Xper LD20. However, the equipment quote and FDA documentation is for an Allura Xper FD20. What is the difference in the equipment? Please clarify.

This was a typographical error in the application. The name of the equipment being proposed is the Philips Allura Xper FD20.

Please provide a brief general description of vascular surgery and cardiac catheterization.

Vascular surgery of the type that will be performed in the lab proposed in this application is known as peripheral vascular catheterization. Peripheral vascular catheterization is an invasive medical procedure that may be performed within a cardiac catheterization laboratory. The procedure involves the insertion of a catheter in a peripheral artery or vein for diagnostic or therapeutic purposes. This procedure is used to evaluate the presence of plaque build-up (Atherosclerosis) in the peripheral arteries — meaning the arteries to the lower abdomen, kidneys, arms, legs, head, neck and feet.

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Cardiac catheterization is an invasive medical procedure performed within a cardiac catheterization laboratory and used as a diagnostic or therapeutic tool for heart and circulatory conditions. During a catheterization procedure a catheter is inserted into a blood vessel and is manipulated by a physician to travel along the course of the vessel in the chambers or vessels of the heart. Imaging equipment is used as an aid in placing the catheter tip in the desired position. Once in place the physicians is able to perform various diagnostic and/or therapeutic procedures. Cardiac catheterization services include diagnostic cardiac catheterizations, therapeutic cardiac catheterizations, and electrophysiological (EP) studies, both diagnostic and therapeutic. However, this application only proposes performing diagnostic cardiac catheterization procedures.

5. Section B, Project Description Item III.A.(Plot Plan)

As <u>required</u> for <u>all</u> projects, a Plot Plan must provide <u>the size of the site (in acres)</u>, <u>location of the structure on the site and the location of the proposed construction</u>. Please also include slightly larger, more legible labels for the plot plan. Please provide a new Plot Plan with all the requested information.

An updated Plot Plan for the site is attached as Attachment 5.

6. Section B, Project Description, Item IV (Floor Plan)

The proposed floor plans are noted. Please indicate the purpose of shell space in Area 1.

The shell space in Area 1 is for the purpose of possible future growth. It is much more cost-effective to build out the shell space while the construction process is underway, rather than to go back at a later time to finish out that space if it is needed at some point in the future for a second cardiac catheterization / vascular lab.

7. Section C Need Item 1- Principles of the State Health Plan

The Five Principles to Achieving Better Health in the State Health Plan is noted. Only two of the five appears to be addressed. Please discuss how the project addresses the remaining three Principles; healthy lives, economic efficiencies and healthcare workforce. Please list each principle and summarize underneath how each will be achieved.

This application contributes to the remaining three Principles to Achieving Better Health in the State Health Plan in the following ways:

- <u>Healthy Lives.</u> In the State Health Plan, it is noted that Tennesseans see heart disease, stroke, and high blood pressure as having the greatest impact on the health of state residents. In this section it is also noted that health starts "where we live, work, and learn." This application is focused on providing a needed healthcare service to a highly at-risk population, in a location that is accessible to patients who are currently underserved.
- Economic Efficiencies. The State Health Plan identifies one of the key elements in providing economically efficient healthcare as "balancing

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competitive markets, health systems, and economic efficiencies." In order for North Knoxville Medical Center to continue to be a competitive hospital provider, it needs to expand the services offered to include more acute services, such as cardiac catheterization and vascular surgery. In addition, the service is expected to be profitable in the second year, even at the minimal volumes projected. As volumes grow, the service will become even more profitable and economically efficient for the hospital.

- <u>Healthcare Workforce</u>. One of the stated strategies in the State Health Plan around the Healthcare Workforce is to "assure the health care workforce is trained to provide high quality and culturally competent care." The model of utilizing existing cardiac catheterization lab staff from Physicians Regional Medical Center to provide staffing for the North Knoxville lab, while also training others in the skills necessary to support cardiac catheterization procedures as volumes grow, is an efficient way to ensure high quality for a new service line, as well as to provide professional development for both the staff doing the training and the staff receiving the training.
- 8. Section C Need Item 1 (Specific Criteria for Cardiac Catheterization Services Item A.2.)

Please provide documentation the applicant is accredited by The Joint Commission.

A copy of North Knoxville Medical Center's Joint Commission accreditation certificate is attached as Attachment 8. Please note that it has not been re-issued since the change in ownership from Mercy Health Partners to Tennova Healthcare, and that North Knoxville Medical Center is a satellite hospital of Physicians Regional Medical Center. The hospital license and provider number is the same, and this certificate is still in effect. Upon the hospital's next Joint Commission survey inspection, a certificate will be issued reflecting the name change.

9. Section C Need Item 1 (Specific Criteria for Cardiac Catheterization Services Item A.3.)

The intra-facility emergency transfer policy is noted. Does the applicant have a transfer policy to an alternate facility, if needed? Also, is it the policy of the applicant to only transfer to facilities that are affiliated with Tennnova?

While it is not the policy of the applicant to only transfer to facilities that are affiliated with Tennova, patients who are utilizing Tennova services have chosen the health system and generally want the high quality of services or specific physicians that are part of the Tennova Healthcare system. That being said, the applicant does maintain transfer agreements with every hospital in Knox County. Because Tennova Healthcare has a tertiary medical center at Physicians Regional Medical Center, most medical needs can be met through a transfer within the Tennova Healthcare system. However, if there is a medical need that Tennova Healthcare cannot adequately meet, or if a patient requests a transfer, it is Tennova Healthcare's policy to transfer to whichever hospital is in the patients' best interest. Trauma patients who present to a Tennova Healthcare hospital are immediately transferred to the University of Tennessee Medical Center.

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How will the transfer policy be reviewed/tested on a regular (quarterly basis)?

Because North Knoxville Medical Center already receives some volume of patients presenting to the emergency department with cardiac issues, as well as occasional inpatients who experience a significant cardiac issue, transfers are already occurring almost daily (200-225 patients per year over the past three years). In fact, the hospital's quality team already measures the time it takes from a patient experiencing chest pain or other symptoms that would indicate the need for some type of cardiac procedure to the time when the patient receives percutaneous coronary intervention following a transfer to Physicians Regional Medical Center. Therefore, the transfer policy is being tested almost daily. Clinical policies and procedures such as the transfer policy also undergo an annual review to ensure that policy and practice are in synch.

Please clarify if Physician's Regional Medical Center is the closest facility that has open heart surgery capabilities.

Located eight miles North Knoxville Medical Center, Physicians Regional Medical Center is the closest facility that has open heart surgery capabilities.

10. Section C Need Item 1 (Specific Criteria for Cardiac Catheterization Services Item 10.b.)

Please complete the following chart for the number of deaths from diseases of the heart with rates per 100,000 population using the latest data from the Tennessee Department of Health.

County/State	Number	Rate
	of Deaths	-
State	14,489	228.3
Anderson	206	274.2
Campbell	135	331.6
Claiborne	104	322.9
Cocke	125	350.5
Grainger	56	247.2
Hamblen	172	275.0
Jefferson	133	258.7
Knox	903	208.9
Scott	56	251.9
Sevier	253	281.5
Union	37	193.6

11. Section C, Need, Item 4.b. (Special Needs of the Service area Population)

The applicant states based on successful implementation of the recently enacted Affordable Care Act, the projections for 2015 suggest a drop in the numbers of uninsured by more than half in the service area. Please briefly define the Affordable Care Act and the methodology used by the applicant to determine how the uninsured in the service area will go from 19% to 8%.

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Mr. Jeffrey Potter November 27, 2012 Page 7

The Affordable Care Act contemplates the reduction in the uninsured through expansion of Medicaid eligibility, allowing young people to stay on their parents' health insurance until age 26, and subsidizing the purchase of health insurance on the new private exchange starting in 2014. People expected to benefit from the private exchange subsidies are working people whose employers do not offer health care benefits, or who are lower wage earners for whom purchasing health care insurance is currently cost prohibitive. It is projected by Thomson Reuters, the source used to provide the insurance coverage estimated included in this application, that the number of uninsured Americans will drop by 50% because of expanded coverage under the Affordable Care Act.

12. Section C. Need, Item 5

The utilization of trends of similar institutions in the service area with cath labs using 2012 JAR data is noted. However, please apply the same chart for adult cardiac catheterization utilization for each provider in the proposed service area using the most recent three years of data available.

An updated utilization chart reflecting the most recent three years of utilization data available is attached as Attachment 12.

13. Section C. Need, Item 6 (Applicant's Projected Utilization)

Your response is noted. The Project Forecast Chart indicates the initiation of service is 12/2013. What is the projected utilization in Year 1 (2014) and Year 2 (2015)? Please break out the projected utilization between diagnostic and therapeutic catheterizations.

The Project Forecast Chart was completed assuming that the first full year of service will be 2014. According to the Project Completion Forecast Chart, the cardiac catheterization / vascular lab will be ready for service in December, 2013. December, 2013 will be a start-up month with the expectation of very low volumes. Beginning in January, 2014, the application assumes that 285 cardiac catheterization procedures will be completed in calendar year 2014, and 306 completed in calendar year 2015. All projected utilization reflects diagnostic catheterizations only, since approval to provide therapeutic services has not been requested as part of this application.

14. Section C. Economic Feasibility Item 1 (Project Cost Chart)

There are no architectural and engineering fees in the Project Costs Chart although the Project Forecast Chart lists an architectural/engineering contract. Please clarify.

The architectural work was completed two years ago when the application, then Mercy Health Partners, considered applying for this same project. There are, therefore, no additional architectural and engineering fees to be incurred.

Please indicate if the equipment cost includes taxes, fees, and installation costs.

The equipment cost is inclusive of taxes, fees, and installation.

Please list all moveable equipment over \$50,000.

November 28, 2012 11:05am

Mr. Jeffrey Potter November 27, 2012 Page 8

A full list of moveable equipment was included as Attachment B.I.Project Description.2. A listing of only the moveable equipment over \$50,000 is attached to these supplemental responses as Attachment 14.

15. Section C. Economic Feasibility Item 5

Please recheck the calculations for average gross charge, average deduction from operating revenue, and average net charge.

The average gross charge, average deduction from operating revenue, and average net charge should be amended to:

Average gross charge per procedure: \$16,239 Average deduction from operating revenue: \$12,623 Average net charge: \$3,616

16. Section C, Economic Feasibility, Item 4. (Historic Data Chart)

There appears to be an error in the calculation in Year 2 of net operating income. If needed, please revise.

An updated Historical Data Chart is attached, as Attachment 16.

Please clarify the reason why there are management fees to affiliates in the amount of \$8,737,825 assigned in 2011, but not in 2009 and 2010.

During 2009 and 2010, Tennova Healthcare was under different ownership. At that time, Catholic Health Partners owned the health system then known as Mercy Health Partners. Catholic Health Partners did not reflect management fees to affiliates in the same way that Health Management Associates' hospital organizations do. There is no accurate way for the applicant to provide more detailed information on past financials.

17. Section C. Economic Feasibility Item 4. (Projected Data Chart)

Management fees are not included in the Projected Data Chart. The HSDA is utilizing more detailed Historical and Projected Data Charts. Please complete the revised information Historical and Projected Data Charts provided at the end of this requests for supplemental information. Please note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

There are no management fees included in the Projected Data Chart, because there are no management fees being paid to non-affiliates as part of this project.

November 28, 2012 11:05am

Management fees to affiliates are not allocated out to specific service lines, but rather are allocated out at the whole hospital level and are related to support services such as information technology, legal, managed care, and human resources services.

Are salaries/wages in the amount of \$55,012 in Year One and 466,014 in Year Two understated while there are four FTEs employed by the proposed project?

No, salaries/wages are not understated, since the FTEs will be shared between North Knoxville Medical Center and Physicians Regional Medical Center, allowing for maximum efficiency and cost effectiveness.

On page 39, Orderly Development, Item 3, it indicates there will be one (1) full-time physician employed. The projected data chart does not have a salary assigned the Physician's Salaries and Wages. Please clarify.

Actually, the application indicates that there will be one (1) physician working within the cardiac catheterization lab when it is operational, not that the physician will be employed by Tennova Healthcare. The physician practice will bill for the professional fees related to providing the surgical service, and his or her salary will be paid from the physician practice, not the hospital.

Why is there a sharp increase in contractual adjustments in the amount of \$3,494,333 in Year One to \$4,193,200 in Year Two? Please clarify.

The percentage off of gross revenue that is anticipated for contractual adjustments is consistent between Years One and Two. In both cases, it is projected that approximately 75.5% of charges will be deducted as contractual adjustments. The increase in the dollar amount of the contractual adjustments year over year is a product of anticipated increased volumes and charges per procedure.

Please clarify why there is retirement of principal of \$4,337,421 in Year One, but not any assigned in Year Two.

The Projected Data Chart form indicates that Capital Expenditures should be noted in section F. This project does require capital, but that capital comes from North Knoxville Medical Center's parent organization, Health Management Associates. North Knoxville Medical Center will not have its financials adjusted for the use of the project capital, other than reflecting an appropriate depreciation amount annually for the equipment. An amended Projected Data Chart has been included as Attachment 17, removing the "retirement of principal" from the project's financial projections.

18. Section C. Economic Feasibility Item 6.B

The comparison of the proposed project charges to other providers affiliated with Tennova is noted. Please compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code (s).

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A chart showing the proposed project charges compared to the current Medicare allowable fee schedule by CPT is attached. Please note that for those CPT codes for which the Medicare allowable fee is listed as "packaged," those CPT codes must be coded under a DRG package and cannot be broken out separately for the purposes of Medicare billing.

19. Section C. Economic Feasibility Item 8

The applicant projects to lose \$3,914,357 in Year One of the proposed project. The hospital's historical data chart reflects net operating income of \$5,460,163 in Year 2011. Please discuss how the financial viability of Metro Knoxville HMA, LLC d/b/a Tennova Healthcare - North Knoxville Medical Center and the initiation of diagnostic cardiac catheterization services will be achieved simultaneously.

The Projected Data Chart form indicates that Capital Expenditures should be noted in section F. This project does require capital, but that capital comes from North Knoxville Medical Center's parent organization, Health Management Associates. North Knoxville Medical Center will not have its financials adjusted for the use of the project capital, other than reflecting an appropriate depreciation amount annually for the equipment. An amended Projected Data Chart has been included as Attachment 17, removing the "retirement of principal" from the project's financial projections.

20. Section C, Contribution to Orderly Development, Item 7

A) Please provide a copy of the hospital's license.

B) Please provide a copy of the applicant's JCAHO accreditation certificate.

C) Please provide a copy of the most recent JCAHO survey report and the facility's responses.

Although a copy of each of the documents listed above was included with the original application, another set has been included as Attachment 20 with this response for the purpose of clarity.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void."

For this application the sixtieth (60th) day after written notification is Friday January 18, 2013. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the <u>next review cycle</u>, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

SUPPLEMENTAL- # 1 November 28, 2012

11:05am

List of Attachments

Attachment 1 Certificate of Existence Updated Plot Plan Attachment 5 Joint Commission Accreditation Certificate Attachment 8 Updated Utilization Chart Attachment 12 List of Moveable Equipment over \$50,000 Attachment 14 Updated Historical Data Chart Attachment 16 Updated Projected Data Chart Attachment 17 Medicare Allowable Fees by CPT Code Attachment 18 Hospital License Attachment 20 Joint Commission Accreditation Certificate

Response

Most Recent Joint Commission Survey Report and Hospital

Mr. Jeffrey Potter November 27, 2012 Page 11 November 28, 2012 11:05am

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. 3 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart Health Services Development Examiner

Enclosure/PME

Cardiac Catheterization Lab Utilization Data - 2009 - 2011

	# of				<u>Total</u> Procedures -		% of Capacity.	
	lath	2009 Total	2010 Total	2011 Total	Annual	Annual	2009 -	
Facility	<u>Labs</u>	Procedures	Procedures	Procedures			2011	
Physicians Regional	4	6,633	7,505	5,858			83.3%	
Turkey Creek	7	2,580	3,394	2,748	2,907		72.7%	
Ft. Sanders Regional	4	6,404	5,590	4,449	5,481	1,370	68.5%	
Parkwest	2	13,741	13,399	12,800	13,313	2,663	133.1%	
Methodist of Oak Ridge	2	3,286	3,061	3,184	3,177	1,589	79.4%	
Morristown Hamblen	2	2,849	3,286	3,345	3,160	1,580	79.0%	
LeConte	⊣	160	170	484	271	271	13.6%	
UTMC	4	6,679	7,050	6,191	6,640	1,660	83.0%	
Totals and Ave. Utilization	24	42,332	43,455	39,059	41,615	1,734	86.7%	

*Note - Only adult patients considered. No pediatric patients included.

Source - 2010 - 2012 JARs

November 28, 2012 11:05am

Attachment 18

November 28, 2012 11:05am

<u>Charge Schedule - Diagnostic Cardiac Catheterization</u>

			Medicare
CPT Code	DESCRIPTION	CHARGE	Allowable
75625	AORTOGRAM ABDOMINAL	\$ 5,202.35	\$ 1,936.69
75630	AORTOGRAM ABDOMINAL W/ RUNOFF	\$ 5,202.35	\$ 1,936.69
75605	AORTOGRAM THORACIC SERIAL S&I	\$ 5,202.35	\$ 1,936.69
92960	CARDIOVERSION ELECTIVE EXT T	\$ 932.15	\$ 346.42
93455	CORONARY ART/GRFT ANGIO S&I	\$ 9,174.25	\$ 2,523.10
93454	CORONARY ARTERY ANGIO S&I	\$ 8,516.75	\$ 2,523.10
93463	DRUG ADMIN & HEMODYNAMIC MEAS	\$ 803.75	packaged
93005	EKG	\$ 242.25	\$ 24.82
G0278	ILIAC ANGIO W/ CARDIAC CATH	\$ 1,714.00	packaged
93568	INJECT PULM ART HRT CATH	\$ 1,714.00	packaged
36013	INTRO CATH MAIN PULMON ARTERY	\$ 2,021.00	packaged
36010	INTRO CATH SUP/INF VENA CAVA	\$ 1,950.00	packaged
96374	IV PUSH ONE/FIRST DRUG	\$ 290.00	\$ 32.32
93459	L HRT ART/GRFT ANGIO	\$ 11,112.75	\$ 2,523.10
93458	L HRT ARTERY/VENTRICLE ANGIO	\$ 10,455.00	\$ 2,523.10
93622	LEFT VENTRICULAR RECORDING 02	\$ 10,632.00	packaged
33010	PERICARDIOCENTESIS; INITIAL	\$ 2,625.00	\$ 357.62
93457	R HRT AR/GRFT ANGIO	\$ 16,099.25	\$ 2,523.10
93456	R HRT CORONARY ARTERY ANGIO	\$ 15,441.75	\$ 2,523.10
93461	R&L HRT ART/VENT GRFT ANGIO	\$ 11,950.00	\$ 2,523.10
93460	R&L HRT ART/VENTRICLE ANGIO	\$ 11,249.50	\$ 2,523.10
93453	R&L HRT CATH W/ VENTRICLGRPHY	\$ 9,638.25	\$ 2,523.10
75724	RENAL ANGIO BILAT	\$ 2,937.75	packaged
G0275	RENAL ANGIO W/ CARDIAC CATH	\$ 1,447.00	packaged
93451	RIGHT HEART CATH	\$ 7,248.50	\$ 2,523.10
93503	SWAN GANZ INSERT	\$ 2,680.00	\$ 1,065.46

November 28, 2012 11:05am

Attachment 20

November 28, 2012 11:05am

Mercy Health System, Inc.

Knoxville, TN

has been Accredited by



The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Hospital Accreditation Program

July 23, 2011

Accreditation is customarily valid for up to 36 months.

Isabel V. Hoverman, MD, MACP Chair, Board of Commissioners Organization ID #: 7852
Print/Reprint Date: 09/21/11

Mark R. Chassin, MD, FACP, MPP, MPH President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.











November 28,

11:05am

Poard for Licensing Beath) Care Facilities

Lennessee State of

000000045 No. of Beds_

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to METRO KNOXVILLE HMA, LLC

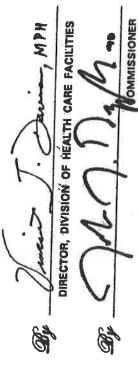
to conduct and maintain a

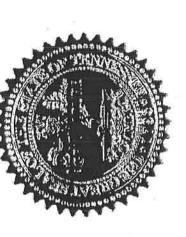
			0 000	le assignable as the subject	or Calling to comble will the	150 40 mar one	of eveden tobased meteornates.
TENNOVA HEALTHCARE	UE	Jennessee.	JUNE 30	Annotated. This Comse stall not	at any time by the Glate Department of Feath, by failur to 15-16, will st	contains of the Male Oliveil	and the state of t
Hospital	Located at 900 EAST OAK HILL AVENUE, KNOXVILLE	County of KNOX	This license shall expire	to the provisions of Chapter 11, Tennesses Code Annotated. This ticense shall not be assumed in the first	and shall be subject to reoccation at any time by 't	laws of the State of Termosses or the vales and recalations of the State Och is	

In Olivess Mouse, we have herewals set our hand and seal of the Glate this_15T_day of_

GENERAL HOSPITAL PEDIATRIC BASIC HOSPITAL

In the Distinct Category/ws.) of:





(FAX)865 545 7557

November 28, 2012 . 11:05am

11:20 TENNOVA Executive 02/15/2012

> Department of Health & Human Services Centers for Medicare & Medicaid Services 61 Forsyth St., Suite. 4T20 Atlanta, Georgia 30303-8909

CENTERS for MEDICARE & MEDICARD SERVICES

Ref: Mercy Medical Center compliance w/stds 440120

February 13, 2012

Important Notice, Read Carefully

Mr. Jeffery Ashin, CEO Mercy Medical Center 900 East Oak Hill Avenue Knoxville, Tennessee 37917

RE: Acute Care Hospital - CMS Certification Number (CCN) 44-0120

Dear Mr. Ashin:

Based on a report by the Tennessee State Survey Agency of the fill Medicare survey of Mercy Medical Center, ending January 11, 2012, we find your institution to be in compliance with all Medicare Conditions of Participation. However, there were standard level deficiencies cited, for which you have addressed through the submitting on January 26, 2012, a plan of correction to the Tennessee State Agency.

We thank you for your cooperation and look forward to working with you on a continuing basis in the administration of the Medicare program. If you have questions, please contact Joe Ann Hollingsworth at (404) 562-7510.

Associate Regional Administrator Division of Survey and Certification

Cc: State Agency

The Joint Commission

November 28, 2012 11:05am

2012-01-17 14:21

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8652125642 >>

865 545 7557 P 37/37

2012 NOV 28 AM 11 14 **FORM APPROVED** Division of Health Care Facilities STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION COMPLETED IDENTIFICATION NUMBER: 04 - TURKEY CREEK MEDICAL A. BUILDING B. WING TNP53145 01/12/2012 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE **MERCY MEDICAL CENTER** KNOXVILLE, TN 37917 (X4) ID PREFIX SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE (XS) COMPLETE DATE PREFIX TAG TAG DEPICIENCY H 002 1200-8-1 No Deficiencies H 002 During the Life Safety portion of the survey, there were no deficiencies cited from 1200-8-1. Standards for Hospitals.

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TATE FORM

Division of Health Care Facilities

53FU21

TITLE

If continuation sheet 1 of 1

(X8) DATE

November 28,2012 DEPARTMENT OF HEALTH AND HUMAN SERVICES OMB NO. 0938959M CENTERS FOR MEDICARE & MEDICAID SERVICES (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION (X1) PROVIDER/SUPPLIER/CLIA EMENT OF DEFICIENCIES COMPLETED **IDENTIFICATION NUMBER:** LAN OF CORRECTION A BUILDING B. WING 01/11/2012 440120 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 900 EAST OAK HILL AVENUE MERCY MEDICAL CENTER KNOXVILLE, TN 37917 PROVIDER'S PLAN OF CORRECTION (X5) COMPLETION SUMMARY STATEMENT OF DEFICIENCIES (EACH CORRECTIVE ACTION SHOULD BE (X4) ID PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX DATE CROSS-REFERENCED TO THE APPROPRIATE REGULATORY OR LSC IDENTIFYING INFORMATION) **TAG** DEFICIENCY) TAG A 000 INITIAL COMMENTS A 000 A full Certification survey was completed on January 9-11, 2012, at Mercy Medical Center located at 900 East Oak Hill Avenue, Knoxville, TN, and two satellite hospitals, Mercy Medical Center North, located at 7565 Dannaher Way, Powell, TN, and Mercy Medical Center West, located at 10820 Parkside Dr, Knoxville, TN. For identification purposes, Building A will refer to Mercy Medical Center located at 900 East Oak Hill Avenue, Knoxville, TN; Building B will refer to Mercy Medical Center North, located at 7565 Dannaher Way, Powell, TN; and Building C will refer to Mercy West, located at 10820 Parkside Dr. Knoxville, TN. 482.13(e)(4)(ii) PATIENT RIGHTS: RESTRAINT A 167 A 167 A 167: Patient Rights/Restraints: OR SECLUSION Facility A, patient # 16: A late entry was [The use of restraint or seclusion must be-] made by the physician clarifying the type (ii) implemented in accordance with safe and and duration intended for the restraint. appropriate restraint and seclusion techniques as This patient's subsequent days in restraints determined by hospital policy in accordance with revealed complete orders. Facility C, State law. patient # 35: A late entry was made to This STANDARD is not met as evidenced by: clarify duration of the restraint; however Based on review of facility policy, medical record the patient required restraints for total of review, and interview, the facility failed to ensure 3 hours and restraints had already been removed. A log of all patients in physician's orders for the use of a physical restraint were consistent with facility policy for two restraints is provided to the clinical leadership daily. The clinical leader/ patients (#16, #35) of four restraint records designee is responsible for reviewing reviewed. physician and nursing documentation by end of each shift for opportunities to The findings included: clarify documentation. Staff is required to notify clinical leader or designee **Building A** before application of restraint to help Review of facility policy titled "Restraints" dated assure the least restrictive device is used (X8) DATE LATORATORY DIRECTOR'S OR PROMIDED/SUPPLIED DEPRESENTATIVE'S SIGNATURE TITLE

^{/ &#}x27;efficiency statement ending with an asterior (') denotes a deficiency which the institution may be excused from correcting providing it is determined that safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

November: 281:22012 FORM APPROVED OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

TEMENT OF DEFICIENCIES
PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA
IDENTIFICATION NUMBER:

440120

(X2) MULTIPLE CONSTRUCTION
A. BUILDING

8. WING

01/11/2012

01/11/2012 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE MERCY MEDICAL CENTER KNOXVILLE, TN 37917 SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X5) COMPLETION · ID (X4) ID (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX (EACH CORRECTIVE ACTION SHOULD BE PREFIX DATE CROSS-REFERENCED TO THE APPROPRIATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG **TAG** DEFICIENCY and initial order is complete. The Restraint A 167 A 167 Continued From page 1 Order Set was revised to provide a clear, February 7, 2011, revealed,"...To provide concise and easier to read format. The guidelines to ensure that the use of restraint...is draft was approved at the Medical safe and limited to those situations with Executive Committee on January 19, 2012. adequate, appropriate clinical justification...Before Staff and physician education for the new implementing a restraint intervention...a order set will begin during the week of physician's order...must be obtained...The order January 27, 2012 and will be implemented for restraint must include the type of restraint on February 14, 2012. Each patient in used, duration of the restraint, and specific restraint is monitored for completeness of behavior that led to the use of restraint..." documentation record monthly as well as overall numbers of patients in restraints Patient #16 was admitted to the facility on and restraint hours and reported through December 20, 2012, with diagnoses including the Quality/Safety Committee. Respiratory Failure. Opportunities for improvement are discussed at the Quality/Safety meeting Medical record review of a Restraint Order dated monthly. Physician documentation December 23, 2011, revealed no documentation compliance is discussed at the Quality regarding the duration and type of release used. Management Committee on a scheduled Medical record review of a Restraint Order dated basis. Individual staff and physician December 24, 2011, revealed no documentation opportunities are trended for review. regarding the type of restraint. Medical record Patient Rights is a topic covered in every review of a Restraint Order dated December 25, new employee orientation. The restraint 2011, revealed no documentation regarding the policy and orders are included in new duration and type of restraint used. physician and new employee clinical orientation. Interview with Registered Nurse (RN #7) on January 10, 2012, at 10:00 a.m., confirmed the facility failed to implement the facility's Restraint Policy for Patient #16. **Building C** Patient #35 was admitted to the facility on December 22, 2011 with diagnoses to include Myocardial Infarction, Respiratory Failure, and Acute Renal Failure. Medical record review of a Physician's Order. dated January 3, 2012, at 1:00 a.m., revealed the

patient was to be in wrist restraints for pulling out

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

NOMENO. 0938-0391

	T OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) N		PLE CONSTRUCTION G	COMPL	
		440120	B. Wi	NG_	v*	01/	11/2012
	PROVIDER OR SUPPLIER MEDICAL CENTER		E 100 300	90	REET ADDRESS, CITY, STATE, ZIP CODE 00 EAST OAK HILL AVENUE (NOXVILLE, TN 37917		
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	tubes and catheters no documentation re of the restraint. Interview with the Cl hall nursing station op.m., confirmed the facility's Restraint Po 482.23(c) ADMINIST Drugs and biological administered in account State laws, the order practitioners respons specified under §482 standards of practice. This STANDARD is Based on observation review, and interview dialysis treatments in policy and industry standards. The findings included Building A. Observation, on Januof the Dialysis Unit's standards of second floor of Bosystem consisted of a carbon filter tanks, a reverse osmosis (RO	independent of the second of t	9 %		A 404: Administration of Drugs The Staff Member observed was a on January 18, 2012, by Terrie La Team Leader of Dialysis. Policies were reviewed with AAMI standa Validation of education was compreturn demonstration of practices. dialysis department had a review of testing and treatment policies and according to AAMI standards com Clint Foster, RN, Dialysis. Validareview was completed by return demonstrations will be by Dialysis staff monthly. Quality logs will be reviewed for compliant reported through the Quality Patie Committee.	re-educated ne, RN s and Practice rds. leted by The entire of the water practices apleted by ation of this emonstration. completed Assurance ace and	S
2	and Water Treatment	nce and Use of Central RO System", last revised April The water qualitywill be	et ve	Facility	ty ID: TNP53145 If con	linuation sheet	Page 3 of 22

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

November 28, 2012 FORM APPROVED OMB NO. 0938-0391

PLAN	NT OF DEFICIENCIES I OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	A. BUILDI	TIPLE CONSTRUCTION ING	0	(X3) DATE 8	
	365	440120	B. WING			01/	11/2012
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Ä 404	according to the AA Medical Instrumenta review of the policy chlorine/chloramine	MI (American Association of ation) standards". Further revealed, "Test the water for s at valve #T2 (access port d second carbon filter tanks),	A 404	5.P			
2 2 2 . <u>1</u> 2	"Two carbon beds s port following the firs monitored by measu chloramines concen	ndard RD52:2004 revealed, hall be installed with a sample st bed" and "performance is uring free chlorine and/or trations in the water exiting of a series connected pair."	e g	a 8 8 8		æ	12 12
	January 10, 2012, at treatment room, rever water for chlorine the dialysis. RN#1 state chlorine level again f is tested prior to begin hours while dialysis is demonstrated how the chlorine by obtaining the RO unit. Further confirmed this nurse	always obtained the test unit and never tested water	ė		× 3.1×	***	
A 450	January 11, 2012, at facility policy to obtain the port between the tanks, for chlorine tes 482.24(c)(1) MEDICA	in the Dialysis Unit, on 9:00 a.m., confirmed it was in the water specimen from first and second carbon sting. AL RECORD SERVICES cord entries must be legible, ad, and authenticated in	A 450	**************************************			
R! 1 2MS-25	67(02-99) Previous Versions Ob	osoleta Event ID: 53FU11	Fac	cility ID: TNP53145	If continu	ation sheet	Page 4 of 22

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

PLAN OF CORRECTION (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:		A BUILDIN	IG	COMPLETED	
		440120	B. WING_		01/11/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER			STI 9		
(X4) ID PREFIX TAG	EACH DEFICIENCY	TEMENT OF DEFICIENCIES MUST BE PRECEDED BY FULL SC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECT (EACH CORRECTIVE ACTION SHO CROSS-REFERENCED TO THE APPLICATION OF THE APPLICATIO	ONPLETION
	written or electronic responsible for provided, consisten procedures. This STANDARD is Building A Based on review of medical records, and to ensure a medical consistent with hosp of fifty sampled patient. The findings include Building A Review of facility por July 25, 2011, reveate managed accord protocols"Required ordersmust be conficulde:Dose and formStrengthRot AdministrationDos (frequency)Orders clarified with the presa physicianadopts orders should be timphysicianStanding developed for usefor Patient #1 was admit 1, 2012. Medical recorders form dated Jarevealed nine of thirty	form by the person viding or evaluating the service to with hospital policies and so not met as evidenced by: facility policy, review of dinterview, the facility failed record was completed policy for one patient (#1) ents. d: licy "Physicians Orders" dated led,"Physician orders will ing to the following delements: All medication inplete, accurate, and must dosage ute of	A 450	A 450: Medical Records Services The order set referenced in finding patient #1 at Facility A has been re to assure completion of orders and infusion rate has been added. All s patients have been identified as have this same potential incomplete orders as a result, all order sets used within ODS/Pre-Op area have been revised revision was completed on January The Pharmacy Director has re-educe pharmacy staff regarding the "Phys Order" policy to include proper methandling incomplete orders. Orders meeting the criteria for a complete be verified with the prescriber. Edwas completed by January 26, 2012 An order set revision policy is in plassure orders are reviewed on a trisschedule to assure regulatory requirare met. Any orders identified by departments or pharmacy requiring clarification will be immediately reand corrected. Clarifications of uncorrected. Clarifications of uncorrected. Clarifications of uncorrected. Clarifications of uncorrected orders are part of the employee clinical orientation.	vised an urgery ving er, and n the d. This 20, 2012. eated the ician's thods for s not order will ucation d. ace to annual mements viewed
	7/02-00) Praylous Versions O	hsolete Event iD:53FU11	Fac	Hity ID: TNP53145 If conti	nuation sheet Page 5 of 22

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

EMENT LAN O	OF DEFICIENCIES F CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	A BUIL B. WING	DING	E CONSTRUCTION	COMPLI 01/1	1/2012
	ROVIDER OR SUPPLIER	440120		900	ET ADDRESS, CITY, STATE, ZIP CODE EAST OAK HILL AVENUE OXVILLE, TN 37917		
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A 450	Continued review re	illiliters) or (and a blank line)" evealed no documentation	A 4	50			
	review revealed two	or dose regimen. Continued enty-three possible orders k check box, with no indication were to be implemented or			3 (#2)		
Ţ	January 9, 2012, at work space, reveal form was a "standii the Vice President 2012, at 10:30 a.m. Officer's (CNO) cor	President of Quality on 10:33 a.m., in a 3 Central ed the "Physician's Orders" ng orders" form. Interview with of Quality on January 11, in the the Chief Nursing nference room, confirmed the or Lactated Ringers was			. All	W St	
A 454	January 11, 2012, a conference room, rorders daily and fol an issue was identificated the Physica 2012, required clarifacility failed to ensure 1, 2012, were compolicy. 482.24(c)(1) ORDE (i) All orders, includated, timed, and a ordering practitione paragraph (c)(1)(ii)	period following January 20,	A 4	454	A 454: Orders Dated and Signor The order sets in regards to Patiand Patient # 8 at Facility A, the "Laminectomy "and" Anterior Forder sets were revised for claric concerning the pre-admission to	ent # 7 e fusion" ty esting.	
	2007, all orders, ind	cluding verbal orders, must be authenticated by the ordering her practitioner who is		Fac	Physicians utilizing those order specifically educated as to the r of dating/timing/signing orders III ID: TNP53145	equirement	net Page 6 of 22

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

November: 28:32012 FORM 199100410 OMB NO. 0938-0391

	TEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:			(X2) MULTIPLE CONSTRUCTION A. BUILDING		(X3) DATE SURVEY COMPLETED	
	:00 g	440120	B. WING_		01/	11/2012	
NAME OF PROVIDER OR SUPPLIER			1	REET ADDRESS, CITY, STATE, ZIP CODE	96	•	
MERCY MEDICAL CENTER		1	900 EAST OAK HILL AVENUE				
				KNOXVILLE, TN 37917		T	
(X4) ID PREFIX TAG	(EACH DEFICIENCY	TEMENT OF DEFICIENCIES MUST BE PRECEDED BY FULL SC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRE (EACH CORRECTIVE ACTION SH CROSS-REFERENCED TO THE APP DEFICIENCY)	OULD BE	(X5) COMPLETION DATE	
	responsible for the cunder §482.12(c) are by hospital policy in This STANDARD is Based on medical review of facility policialed to ensure physical to ensure physical failed (#7 and #8) of fifty part of findings included Building A Patient #7 was admit 9, 2012, for a Disceed Medical record review physician's orders Properly (Prothromby 17) (Prothromby	care of the patient as specified and authorized to write orders accordance with State law. Inot met as evidenced by: ecord review, observation, cy, and interview, the facility sician's orders were, and timed for two patients atients reviewed. It the to the facility on January tomy. W of the pre-printed e-Op Laminectomy/Fusion inplete Blood Count) and poin Time and Partial e) had been circled to was to be completed prior to eview of the pre-printed et revealed the orders had ed, or timed by the physician of review revealed the tained on December 28, and to the facility on January F (Anterior Cervical on).	A 454	January 20, 1012 by the ODS/PACU seducated as to the requirement to a orders have been obtained and conwith signature or verbal order prior initiation by January 20, 2012. The PACU Clinical Leader or designee monitor compliance with the dating and signature's on physician order specifically the two order sets that revised, as well as other orthopedic patients for signature/dating/timing during the time frame of January 2 through February 17, 2012. Result be discussed with the physician's uthese order sets within the Departm Surgery meeting and Quality Mana Committee in March 2012. Complof 95% is the target, if < 95%, the sphysicians and staff will be reeduce monitor will continue until complicators is met. The complete medical documentation, which includes dat timing and signature requirements covered in new clinical employee of The Health Information Management (HIM) department will complete ramonitoring of physician signatures and timing twice annually and will to the Quality Management Comm February/November. The HIM department will include missing signatures as pronthly deficiency monitoring and through the Quality Management Comm February November. The HIM department of Pebruary and through the Quality Management Comm February in the months of February and November.	taff were assure firmed r to e ODS/ will g/timing s, were 3, 2012 as will utilizing ment of agement liance specific ated and ance al record ing and are orientation. ent undom /dating report ittee in partment part of the lireport committee		
		bwork, and preoperative					

November 28,2012 FORM AMPROSERM OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

(X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION. (X1), PROVIDER/SUPPLIER/CLIA EMENT OF DEFICIENCIES COMPLETED IDENTIFICATION NUMBER: PLAN OF CORRECTION A. BUILDING B. WING 01/11/2012 440120 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 900 EAST OAK HILL AVENUE MERCY MEDICAL CENTER KNOXVILLE, TN 37917 PROVIDER'S PLAN OF CORRECTION (X5)SUMMARY STATEMENT OF DEFICIENCIES ID COMPLETION (X4) ID (EACH CORRECTIVE ACTION SHOULD BE PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL PRÉFIX CROSS-REFERENCED TO THE APPROPRIATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY Continued From page 7 A 454 A 454 antibiotics of Cefazolin 2 grams. Continued review of the pre-printed physician's order sheet revealed the orders had not been signed, dated, or timed by the physician. Further medical record review revealed the labwork was obtained and resulted in the chart and the antibiotic was administered on January 9, 2012, at 12:28 p.m. Observation on January 9, 2012, at 3:10 p.m., revealed the patient was in bed in the recovery room, with a cervical collar present, and was answering the recovery room nurse's questions regarding post-operative pain. Review of the facility's policy Physicians Orders, no policy number, revised July 25, 2011, revealed, "...Preprinted Orders: If a physician or group of physicians adopts 'routine orders', a copy of the orders should be timed, dated and signed by the physician and included in the patient's record..." Interview with the Manager of ODS/PACU (One Day Surgery/Post Anesthesia Care Unit) on January 9, 2012, at 2:50 p.m., in the ODS pre-operative area, and at 3:30 p.m., in Phase I PACU, confirmed the orders had not been authenticated, timed, or dated by the physicians for patient #7 or patient #8. A 466 482.24(c)(2)(v) CONTENT OF RECORD -A 466 INFORMED CONSENT A 466: Consent [All records must document the following, as The medical record for patient #2 in Facility A: appropriate:] was updated with late entry by physician as Properly executed informed consent forms for to the circumstance of emergency placement procedures and treatments specified by the needed and the fact there had been no family medical staff, or by Federal or State law if applicable, to require written patient consent. Facility ID: TNP53145

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES November 28, 2012 FORM APPROVED OMB NO. 0938-0391m

EMENT ALAN C	OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) M A, BUI		PLE CONSTRUCTION G	COMPLE	TED
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	ROVIDER OR SUPPLIER MEDICAL CENTER	2	*1	90	EET ADDRESS, CITY, STATE, ZIP CODE DO EAST OAK HILL AVENUE NOXVILLE, TN 37917		
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A 466	This STANDARD is Based on medical review of facility polificated to obtain information (#2) of fifty patients. The findings include Building A Patient #2 was adm 8, 2012, with diagnor Failure, Congestive Osteomyelitis. Medical record review and an Operative S 2012, revealed a cemajor vessel for administrative Care Unit over the left subclav January 8, 2012. Review of the facility Catheters - Regional April 7, 2011, reveal must be obtained processed to 55 a.m., at the 10-55 a.m.,	s not met as evidenced by: record review, observation, licy, and interview, the facility rmed consent for one patient reviewed. ed: hitted to the facility on January bases including Respiratory Heart Failure, and ew of the physician's orders ummary dated January 8, entral line (catheter placed in a ministration of medications) eff subclavian vein (major 8, 2012. catient on January 9, 2012, at d the patient in bed in the (ICU), with a dressing present vian area (chest area) dated y's policy Central Venous al, no policy number, revised led, "An informed consent	A	466	available. Physician education renwere posted in the physician loung January 25, 2012 and was added attem for discussion at physician demeetings for January and February added as a topic of discussion at the Management Committee on February A reminder letter will be sent to alton staff from the Chief of Staff as requirement of documentation. Coassuring risks, benefits and alternatisk and benefits of alternatives are randomly by the Quality Department reported through the Quality Management (QMC) in February and November each year. The QMC owill address each opportunity with with a letter of education and a colletter will go into the physician's of the use of the consent form for veof signature signifying discussion preferred document, but this information be found in other parts of the documentation. New physicians recopy of the bylaws and rules and rule	es on an agenda partment and will be e Quality ary 9, 2012. I physicians to the onsent tives, and e monitored ant and gement d hairman physicians by of the uality file. rification is the nation physician eceive a egulations	Dans 0 of 22

November / FORM AP

DEPARTMENT	OF HEALTH	AND HUMAI	N SERVICES
CENTERS FOR	MEDICARE	& MEDICAID	SERVICES

OMB NO. 0938 (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION (X1) PROVIDER/SUPPLIER/CLIA EMENT OF DEFICIENCIES COMPLETED IDENTIFICATION NUMBER: LAN OF CORRECTION A. BUILDING R WING 01/11/2012 440120 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 900 EAST OAK HILL AVENUE MERCY MEDICAL CENTER KNOXVILLE, TN 37917 (X5) COMPLETION PROVIDER'S PLAN OF CORRECTION ID SUMMARY STATEMENT OF DEFICIENCIES (EACH CORRECTIVE ACTION SHOULD BE (X4) ID PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL DATE CROSS-REFERENCED TO THE APPROPRIATE PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) **TAG** DEFICIENCY) TAG A 466 Continued From page 9 A 466 confirmed the patient had a central line placed; the patient was unable to consent to treatments: and no family had been present in the facility. Continued interview confirmed there was no documentation of attempts to contact the family and consent for the central line placement had not been obtained. A 503 482.25(b)(2)(ii) CONTROLLED DRUGS KEPT A 503: Controlled Drugs Kept Locked A 503 There were no controlled substances within LOCKED the Emergency Boxes found unattended. Drugs listed in Schedules II, III, IV, and V of the However, the Anesthesia Emergency Comprehensive Drug Abuse Prevention and boxes referenced in this finding in Facility Control Act of 1970 must be kept locked within a A have been pulled from use. Contents of Anesthesia Emergency boxes have been secure area. added to the General Anesthesia bags and This STANDARD is not met as evidenced by: labeled appropriately. The General Based on observation, interview and review of Anesthesia bags are patient specific kits facility policy, the facility failed to secure used on a single patient only. These kits medications for one of two Operating Rooms are assigned to a provider for a particular (OR) observed. patient and are not left in the room following the procedure. The OR The findings included: pharmacy staff is responsible for making these additions to the General Anesthesia bags **Building A** and have pulled from use any remaining Anesthesia Emergency boxes. Observation on January 9, 2012, at 2:05 p.m., in These changes will be completed by Operating Room #16, revealed an anesthesia box January 26, 2012. Each new clinical in the unlocked anesthesia cart containing the licensed employee is oriented to the following medications: Albuterol inhaler. medication safety process during their time Phenylephrine, Levophed, Epinephrine, in clinical orientation while spending Naloxone, Hydralazine, Ephedrine, Famotidine, four hours in the facility pharmacy Diphenhydramine, Decadron, and Lasix, which department. may be used during surgery and anesthesia. Review of facility policy Storage, with last revision dated June 24, 2009, revealed "...when not in use, nursing medication carts, anesthesia carts or other medication carts containing drugs or

Facility ID: TNP53145

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

November 28, 2012 FORM APPROVED OMB NO. 0938-0391

C TEMEN	T OF DEFICIENCIES	(X1) PROVIDER/SUPPLIER/CLIA	(X2) MULT	IPLE CONSTRUCTION	(X3) DATE SU	
, PLAN (OF CORRECTION	IDENTIFICATION NUMBER:	A. BUILDIN	148	COMPLET	TED
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A 503	biologicals must be	ge 10 locked or stored in a locked rugs and biologicals must be	A 503		· ·	\$P #1
	had not been used Further interview wi Manager and the D p.m., in OR room # box, with medication anesthesia cart and Further interview wi	oR manager revealed OR #16 since the previous weekend. th Operating Room (OR) irector of Surgery, at 2:05 16, confirmed the anesthesians, was unsecured in the the cart was not locked. th the OR manager revealed en used since the previous	e e	n. Vi	. 4 . 8 . 3	al e
A 505	482.25(b)(3) UNUS Outdated, mislabeled drugs and biological patient use. This STANDARD is Based on observation		A 505	The identified expired IV solutions immediately removed from the she Facility B. The Storeroom already practice in place to rotate supplies central supply carts in the department A protocol was developed and department of the supplier of the monthly review accountability of supplies not kept central supply cart. A monthly sign was created for tracking. The department of the supplier of the supplier of the supplier of the supplier of the department of the supplier of the sup	If in has a within the ents. artment eartments' we and in the nature log rtment	e e
	of Building B's Inten Medication Room, re (ml) bags of Intravel Water (D5W), with 6 2011.	evealed three 250 milliliters nous (IV) Dextrose 5% with expiration date of October licy titled, "Storage:General",		leaders were educated to the new pron January 25, 2012. The assignment accountability log will begin in Feb. The accountability log will be mondepartment leaders for signatures for consecutive months with an expect of 100% compliance. If 100% is man individual department, the monit reduced to quarterly spot checks an up as necessary. Routine Environment	rotocol ent and oruary 2012. itored by or three ation let within toring will be d follow	30 10

Nowember 2013201 FORM APPROME OMB NO. 0938-039 DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION TEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA COMPLETED IDENTIFICATION NUMBER: PLAN OF CORRECTION A. BUILDING B. WING 01/11/2012 440120 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 900 EAST OAK HILL AVENUE MERCY MEDICAL CENTER KNOXVILLE, TN 37917 PROVIDER'S PLAN OF CORRECTION (X5) COMPLETION DATE SUMMARY STATEMENT OF DEFICIENCIES (EACH CORRECTIVE ACTION SHOULD BE (X4) ID PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL CROSS-REFERENCED TO THE APPROPRIATE PREFIX TAG REGULATORY OR LSC IDENTIFYING INFORMATION) TAG DEFICIENCY A 505 Continued From page 11 A 505 Rounding will incorporate the monitoring "Medications shall be stored under proper of expired IV supplies and will begin during conditions of sanitation..." the week of January 23, 2012. The protocol is covered with new employees during their Interview with the Clinical Leader, on January 9, clinical orientation. 2012, at 1:00 p.m., in the medication room, confirmed the three IV bags were expired and available for patient use. A 724: Facilities, Supplies, Equipment Maintenance. A 724 The supplies from Facility A, Radiology 482.41(c)(2) FACILITIES, SUPPLIES, A 724 **EQUIPMENT MAINTENANCE** Department were immediately disposed of. The Storeroom already has a practice in place Facilities, supplies, and equipment must be to rotate supplies within the central supply maintained to ensure an acceptable level of carts in the departments. A protocol was developed and department leaders were safety and quality. educated as to the departments' responsibility This STANDARD is not met as evidenced by: for the monthly review and accountability Based on observation and interview, the facility of supplies not kept in the central supply cart. A monthly signature log was created for failed to ensure supplies were not avaliable beyond the expiration date in the Interventional tracking. The department leaders were Radiology department. educated to the new protocol on

The findings included:

Building A

Observation on January 10, 2012, at 2:35 p.m., in the Interventional Radiology Department, revealed twenty tongue depressors with an expiration date of June, 2009 and four #11 Scalpel Blades with an expiration date of May, 2006, in an emesis basin in the cabinet.

Interview with Radiology Technician (RT) #1, on January 10, 2012, at 2:35 p.m., in the Interventional Radiology Department, confirmed twenty tongue depressors with an expiration date

The supplies from Facility A, Radiology
Department were immediately disposed of.
The Storeroom already has a practice in place
to rotate supplies within the central supply
carts in the departments. A protocol was
developed and department leaders were
educated as to the departments' responsibility
for the monthly review and accountability
of supplies not kept in the central supply cart.
A monthly signature log was created for
tracking. The department leaders were
educated to the new protocol on
January 25, 2012. The assignment and
accountability log will begin in
February 2012. The accountability log
will be monitored by department leaders for
signatures for three consecutive months
with an expectation of 100% compliance.
If 100% is met within an individual
department, the monitoring will be
reduced to quarterly spot checks and
follow up as necessary. Routine
Environmental Rounding will incorporate
the monitoring of all supplies will begin
during the week of January 23, 2012.

orientation.

The protocol is covered with new

employees during their clinical

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

November 28, 2012 PRINTED: 1173/2012 FORM APARO**5/20**1 OMB NO. 0938-0391

	T OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULT A. BUILDII	TIPLE CONSTRUCTION NG	(X3) DATE S	
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A 724	of June, 2009 and for an expiration date of and were expired.	ge 12 our #11 Scalpel Blades with f May, 2006 in the cabinet nief Nursing Officer (CNO), at	A 724	2		
A 749	2:40 p.m., in the cortongue depressors a expired and available 482.42(a)(1) INFEC RESPONSIBILITIES The infection control develop a system for	ofference room, confirmed the and scalpel blades were the for patient use. FION CONTROL OFFICER officer or officers must be identifying, reporting, ntrolling infections and	A 749	A 749: Infection Control Offic 1. The Clinical Leader for Radi specific associate on January 10 findings. This was deemed to be incident related to specific asso- and the disciplinary process wa A sterile syringe is to be used for	ology met with 0, 2012 to discusson isolated ciate's practice s initiated. or each entry	
	Based on observation interview, the facility patient care items we one patient in the Interview one patient in the Interview of building and in the interview of the facility has building and the emergent of the interview of the facility has building and the emergent of the interview of the facility in the interview of the 200 hall building and the encurron of the precautions are general interview of the precautions are general interview of the second of the precautions are general interview of the facility in the precautions are general interview of the facility in the precautions are general interview of the facility in the precautions are general interview of the facility in	not met as evidenced by: on, policy review, and failed to ensure single use ere not used for more than erventional Radiology ng A; failed to ensure properly handled in two s (3 central and 1 central) in nsure the cleanliness of ed by the facility for newborn of building A; failed to nd washing policy was ing medications by one cy room of building A; failed hand washing policy was stering medications by one medical surgical unit of hsure the continuation of ons (reverse isolation rally indicated to prevent to infections for a patient		into the multi-dose vial of Hepa sterilely packaged syringes wer the Heparin vial with a reminde additional precaution, all Interv Radiology staff will be re-educated Clinical Leader for Radiology of preparing medication and the Injection Practices policy. This completed by February 2, 2012 compliance documented on sign The re-education will occur price shift worked for any staff unabliprior to February 2, 2012. Safe Practices signage available on the website will be added to proced for additional visual education of procedure. This will be compled January 27, 2012. All new licer employees receive education on Injection Practices during their compliance will be monitored by	e placed by ar. As an entional ated by the on the topics e Safe will be and a-in sheet. or to the next e to attend Injection the CDC ture rooms on proper tted by the control of the control and of the co	

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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Ą 749		ge 13 utrophil count which is the of white blood cell that fights	A 749	departmental observations on a weekly basis until 100% compliance is assured for three consecutive mon		100
41	infections) on the 30 building C; and faile recommended for s cleaned and used o	00 hall medical surgical unit of		2. Patient #1 was in Contact Isolatio Gloves and gown are to be worn wh contact with the patient or the patien immediate environment. Specific econ Contact Isolation, with emphasis	n. en in it's lucation	3
9 9	building C. The findings include	15 10		personal protective equipment (PPE linen handling will be provided to all certified nursing assistants (CNAs) of Central and 1 Central by February) and ll on 10, 2012	,
1	the Interventional Ra revealed one multi-ounit per 1 milliters) v	uary 10, 2012, at 2:35 p.m, in adiology Department, lose vial of Heparin (10,000 vith a connector device and in the locked cabinet.	12	The education will occur prior to the shift worked for any staff unable to attend prior to February 10, 2012. A additional corrective measure, Conta Isolation content, with emphasis on personal protective equipment and lihandling, will be added as an annual competency for all nursing staff, to i	as an act	
8 8	2:35 p.m., in the Inte Department hallway, syringe was reused a Heparin from the mu	logy Technician (RT) #1, at erventional Radiology confirmed the 3milliliter (ml) multiple times to withdraw the liti-dose vial and then add Normal Saline for a Heparin	5.0°	CNAs beginning with January 2012 competencies. All new employees receive education on Contact Isolation during their facility orientation. Observations for Contact Isolation compliance will be conducted month as part of regularly scheduled Environmental Rounding. These res	on aly	e e
e ë	with original date Jur "needles, cannulae single-use itemsne syringes will not be u access a medication used for subsequent must be used, both to	e, and syringes are sterile,	12	will be shared with departmental leadership as collected and reported the Quality Safety Committee on a quarterly basis. 3. Hand-knitted or hand-crocheted items will not be given to patient (mother) until time of discharge. Earlitem will have a label affixed with the following wording, "It is recommend that you launder this item, as you wo	ch e	965 = 965 (80) #

Facility ID: TNP53145

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

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Dail C		8 440400 W	B. WING		01/4	1/2012
		440120		REET ADDRESS, CITY, STATE, ZIP CODE	1 01/1	172012
NAME OF P	PROVIDER OR SUPPLIER			900 EAST OAK HILL AVENUE		
MERCY	MEDICAL CENTER	20 585 G 50		KNOXVILLE, TN 37917		-
(X4) ID	SUMMARY STA	TEMENT OF DEFICIENCIES	10	PROVIDER'S PLAN OF CORRECT	CTION	(X5) COMPLETION
PREFIX TAG	(EACH DÉFICIENC) REGULATORY OR L	MUST BE PRECEDED BY FULL SC IDENTIFYING INFORMATION)	PREFIX TAG	(EACH CORRECTIVE ACTION SHO CROSS-REFERENCED TO THE APP DEFICIENCY)	ROPRIATE	DATE
		i AA	A 740	any new newborn clothing, prior to	nusing	
A 749			A 749	on infant." Women's Pavilion/OB	, 431176	
8	Interview with the C	thief Nursing Officer (CNO) on		nursing staff will verbally review t		
	January 10, 2012, a	at 2:40p.m., in the conference		instructions with patient at time of		
	not follow facility po	e reuse of a 3ml syringe did	20	discharge. Women's Pavilion/OB		
	Not tollow facility bo	ilcy.		nursing staff will be instructed in n	ew	
	Paviou of facility no	olicy titled "Linen Utilization -		process and not to place hand-knitt	ed or	
	Regional" dated Jul	y 30, 2010, revealed, "Torn,		hand-crocheted items provided by	the	į.
	stained, or otherwis	e unusable linen should be		Auxiliary on infants while in the h	ospital.	
	placed in a designa	ted receptacleStandard		This instruction will be completed	by	
*		used when handling all	1.8	February 10, 2012. The instruction		
	linen"			occur prior to next shift worked for staff unable to attend prior to	any	
i		4 413 45 44 44 44		February 10, 2012. Observation of	f	
4		ew revealed Patient #1 was		process compliance will be added	0	
1	admitted to the facil	ity on January 1, 2012, with		department Environmental Roundi		
	diagnoses including	Methicillin Resistant Staph infectious organism resistant		a monthly basis until 100% proces		
8 8	to treatment by mos	et antihiotice)		compliance is assured for three		
2	to treatment by mos	it antibiotics).		consecutive months. These results	will be	
	Medical record revie	ew of a physician's progress		shared with departmental leadershi		
	note dated January	5, 2012, revealed, "MRSA		collected and reported to the Quali	ty	
2	facial abcess."			Safety Committee.		¥1
		**	91	4. & 5. Individual counseling was		
8	Observation with the	Vice President of Quality on		to nurse preparing (Facility A) and		
		l 3 central, on January 9,		nurse administering (Facility C) m	edication	
	2012, at 9:56 a.m.,	revealed the patient in bed, a		without properly conducting hand This was done on January 11 and	nygiene.	
	dressing on the left	wrist/hand, and unclean linen		January 9, 2012, respectively. Fac	ility	
	on the floor beside a	red storage receptacle.		A, B, & C clinical leaders/designed		
	Intonious with the \/i	ce President of Quality on		provide patient care staff education		
	January 9, 2012 at	9:56 a.m., confirmed the		reminders as to the individual resp		
4	facility failed to store	the unclean linen in a		for hand hygiene by February 17, 2		141
	manner to prevent the	ne spread of infection.		The education will occur prior to the		
	mermer to brianding			shift worked for any staff unable to		
	Medical record revie	w revealed Patient #15 was		attend prior to February 17, 2012.	All	
i	admitted to the facili	ty on January 5, 2012, with		new employees receive education of	on hand	
1	diagnoses including	Altered Mental Status.		hygiene during their facility orients	ation.	
1	Observation on Janu	lary 9, 2012, at 2:32 p.m.,		Random monthly observations are	.	
	revealed the patient	in a bed and unclean linen in	240	completed for hand hygiene on each	h	
	7/02 00) Bravious Versions (Declate Event 1D: 53FU11	Fa	Iclity ID: TNP53145 If contin	uation sheet P	age 15 of 22

November 28, 2012

(X3) DATE SURVEY

FORM APPROVED m OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

EMENT OF DEFICIENCIES No PLAN OF CORRECTION (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:		A. BUILDING	PLE CONSTRUCTION G	COMPLETED	
		440120	B. WING		01/11/2012
	ROVIDER OR SUPPLIER		· 90	EET ADDRESS, CITY, STATE, ZIP CODE 00 EAST OAK HILL AVENUE (NOXVILLE, TN 37917	3 3
(X4) ID PREFIX TAG	JEACH DESICIENCY	ATEMENT OF DEFICIENCIES Y MUST BE PRECEDED BY FULL SC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECT (EACH CORRECTIVE ACTION SHO CROSS-REFERENCED TO THE APPL DEFICIENCY)	OULD BE OULD BE
A 749	revealed a Certified picked up the linen linen made contact Interview with CNA central, on January 2:34 p.m., outside the CNA is to wear linen. Interview with Regi January 9, 2012, at patient's room, conhandle the linen in spread of infection. Observation of the with the Manager of Clinical Leader of the A, on January 10, 2 several drawers co crocheted infant had Interview with the Nanager of building A p.m., confirmed the items provided by the Could not be ascert the Manager of the 9:30 a.m., revealed nursing station with the waist band of the contact of the station with the waist band of the contact of the station with the waist band of the contact of the could not be several contact of the could not be ascert the Manager of the 9:30 a.m., revealed nursing station with the waist band of the contact of	Continued observation I Nursing Assistant (CNA #1) with ungloved hands and the with the CNA's uniform. #1 on medical surgical hall 1 y 9, 2012, at approximately the patient's room, revealed gloves when handling unclean stered Nurse (RN #6) on t 2:35 p.m., outside the affirmed the facility failed to a manner to prevent the newborn nursery of building A of the Women's Center and the he Women's Center of building 2012, at 2:00 p.m., revealed entained homemade hand ats and blankets. Manager of the Women's A, on January 10, 2012, at 2:00 a cleanliness of the homemade the facility to the newborns tained. gistered Nurse (RN) # 4 in the ment (ED) of building A with a ED on January 11, 2012, at a RN #4 standing at the ED a the hands tucked down into the scrub pants RN #4 was	A 749	clinical area and reported on Qualit Nursing Scorecards. This data is read to the Quality Safety Committee of quarterly basis. Staff has been encouraged to address any noted non-compliance of hand hygiene dwith their peers. Hand Hygiene is of annual Infection Control educat for all employees. 6. A new policy for Neutropenic P / Protective Care was developed by Infection Control Practitioners. A this policy will be added to the Infection Control Policy section of the polic database by January 27, 2012. The policy will be presented at the Quasafety Committee with instruction education for clinical leaders on January 25, 2012. Education on the policy will be provided to nursing Hospital A, B, & C by clinical leaders february 17, 2012. The education occur prior to next shift worked for staff unable to attend prior to February 17, 2012. All new employere education on types of isolat that might be encountered when do with hospitalized patients during the facility orientation. Observation of process compliance on any patient placed in Neutropenic Precautions completed by the clinical leader of nursing unit and will be conducted 100% compliance is assured for the consecutive months. 7. Emesis basins were immediated removed from nursing work areas	directly part ion recautions y the copy of ection y his ality as for he new staff at ders/ by will r any oyees ation ealing heir of is will be f the l until aree
*	wearing. Continue	d observation revealed RN #4,			Source of the state of the stat

November 28, 2012

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DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES OMB NO. 0938-0391 (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION EMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA COMPLETED **IDENTIFICATION NUMBER:** AL PLAN OF CORRECTION A. BUILDING B. WING 01/11/2012 440120 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 900 EAST OAK HILL AVENUE MERCY MEDICAL CENTER KNOXVILLE, TN 37917 (X5) COMPLETION DATE PROVIDER'S PLAN OF CORRECTION SUMMARY STATEMENT OF DEFICIENCIES (EACH CORRECTIVE ACTION SHOULD BE (X4) ID **PREFIX** (EACH DEFICIENCY MUST BE PRECEDED BY FULL CROSS-REFERENCED TO THE APPROPRIATE PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) **TAG** DEFICIENCY) TAG A 749 Continued From page 16 January 9, 2012. Emesis basins will be A 749 without washing or sanitizing the hands, entered used for the purpose in which they were the medication area and entered information on intended to be used and as a single the keyboard on the medication storage cabinet. patient use item. Observations for single RN #4 opened the medication storage cabinet; patient use items used according to opened a medication drawer; extracted two manufacturer's labeling will be added to containers of medication; obtained a disposable ongoing Environmental Rounding. drinking cup; filled the cup with ice and water, and Results from Rounding are reported to proceeded down the hall with the medication. departmental leadership at the time of Rounding and to the Quality Safety Interview in the medication area of the ED of Committee on a quarterly basis. The building A with RN #4 and the ED Manager on department orientation will include the January 11, 2012, at 9:30 a.m., confirmed the RN proper use of single use items. did not wash or sanitize the hands prior to obtaining and preparing patient fluids and medications. Review of the facility policy, Hand Hygiene, no number, dated revised September 21, 2010, revealed "...to reduce, as low as possible, the number of viable microorganisms on the hands in order to prevent transmission of pathogens from one patient to another...use anti-microbial soap...or alcohol based hand rub...before contact with intact patient skin..." **Building C** Observation on the 200 hall of the medical surgical unit of building C with the Chief Nursing Officer (CNO) on January 9, 2012, at 2:20 p.m., revealed RN #3 exited the medication room and without washing or sanitizing the hands. The RN entered the room of a patient; handled the wrist area of the patient's left arm then walked to the right side of the bed and handled the tubing for the patient's IV (intravenous) line. The RN reached into the pocket of the scrubs withdrawing a syringe; injected the medication in the syringe

Facility ID: TNP53145

FORM APPROVATION OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

(X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION (X1) PROVIDER/SUPPLIER/CLIA EMENT OF DEFICIENCIES COMPLETED IDENTIFICATION NUMBER: PLAN OF CORRECTION A. BUILDING B. WING 01/11/2012 440120 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 900 EAST OAK HILL AVENUE MERCY MEDICAL CENTER KNOXVILLE, TN 37917 PROVIDER'S PLAN OF CORRECTION (X5) COMPLETION SUMMARY STATEMENT OF DEFICIENCIES ID (EACH CORRECTIVE ACTION SHOULD BE (X4) ID **PREFIX** (EACH DEFICIENCY MUST BE PRECEDED BY FULL PRÉFIX CROSS-REFERENCED TO THE APPROPRIATE TAG REGULATORY OR LSC IDENTIFYING INFORMATION) TAG **DEFICIENCY**) Continued From page 17 A 749 A 749 into the port on the IV tubing then reached into the pocket of the scrubs again, and injected another syringe of medication into the port of the patient's IV line. Interview in the medication room of the 200 hall medical surgical unit of building C on January 9, 2012, at 2:25 p.m., with RN #3 and the Chief Nursing Officer confirmed the hands had not been washed or sanitized prior to entering the patient's room and injecting medications into the patient's IV port. Continued interview confirmed the facility policy called for the hands to be washed or sanitized prior to entering a patient's room and administering IV medications. Patient #34 was admitted to the facility on January 5, 2012 with diagnoses to include Neutropenia. Review of the Physician's Admit Orders, dated January 5, 2012, at 5:30 p.m., revealed "... Neutropenic Precautions..." Observation of the doorway to patient #34's room with the CNO on January 9, 2012, at 3:30 p.m., revealed no signage to indicate patient #34 was on Neutropenic Precautions and no isolation equipment outside the patient's door. Interview at the nursing station of the 300 hall of the medical surgical unit of building C on January 9, 2012, at 3:30 p.m., with RN #5 revealed RN #5 had received information in the morning report the Neutropenic Precautions had been discontinued. Medical record review of patient #34 revealed the White Blood Cell (WBC) count on January 5 - 1.8 MM3; January 6 -1.9 MM3; January 7 - 1.9 MM3; Facility ID: TNP53145

November 28, 2012 PRINTED: 01/19/2012 FORM APPROVED

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TEMEN	TOF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MUL A. BUILDI	TIPLE CONSTRUCTION	(X3) DATE S COMPLI	URVEY
	*	440120	B. WING		01/1	1/2012
	ROVIDER OR SUPPLIER			TREET ADDRESS, CITY, STATE, ZIP C 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917	ODE	
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A 749	(normal ranges: WE	ge 18 3; and January 9 - 2.0 MM3 3C - 3.7 - 10.7 MM3) - (MM3 surement by micrometers tional Institution of Health).	A 749	9		3
3	Interview at the nurs the medical surgical 9, 2012, at 3:30 p.m physician wanted to Precautions. Interview at the nurs the medical surgical 9, 2012, at 3:30 p.m	record review revealed no the Neutropenic Precautions. sing station of the 300 hall of l unit of building C on January a, with RN #5 revealed, the continue the Neutropenic sing station of the 300 hall of l unit of building C on January a, with the CNO confirmed the tions had been discontinued vsician's order.	ž a			e
	building C with the Con January 9, 2012, pre-operative area of Continued observation had a rolling nurse's of three feet by one attachment hanging spaces. Continued nurse's work area of (disposable pink plamanufactured for co "DO NOT DISCARD marker on each emerical continued for compared to the continued for continued for compared to the continued for	outpatient surgery center of Chief Nursing Officer (CNO) at 1:10 p.m., revealed the contained 10 patient beds. on revealed each bed area work area with a work space and one half feet and an from the side with storage observation revealed each ontained an emesis basin stic kidney shaped container ntainment of vomitus) with "written in permanent esis basin.				×
	and Charge Nurse o	f the pre-operative area on				

Facility ID: TNP53145

CMS-2567(02-99) Previous Versions Obsolete

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

Novemberu28/20012 FORM APPROVES m OMB NO. 0938-0391 (X3) DATE SURVEY

E EMENT	T OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	A, BUILD	ING	COMPLETED
	ď	440120	B. WING		. 01/11/2012
	ROVIDER OR SUPPLIER	8	s	TREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917	ų įš
(X4) ID PREFIX TAG	# (EACH DEFICIENCY	TEMENT OF DEFICIENCIES MUST BE PRECEDED BY FULL SC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECT (EACH CORRECTIVE ACTION SHOU CROSS-REFERENCED TO THE APPR DEFICIENCY)	ILD BE COMPLETION
A 749	emesis basins were	ge 19 cleaned after each patient such things as the IV	A 74	9	
A 951	(intravenous) cathe utilized after starting revealed the manufinstructions indicating cleaned; could not lipatient; and were si 482.51(b) OPERAT	ters and discarded IV items g an IV. Continued interview acturer had not provided ng the emesis basins could be be used on more than one ngle patient use items. ING ROOM POLICIES ust be consistent with needs	A 95	1 A 951: Operating Room Policies Facility A Cystoscopes were found	in
# # # # # # # # # # # # # # # # # # #	and resources. Pol must be designed to maintenance of high practice and patient. This STANDARD is Based on observat manufacturer's recognized to follow manufor processing (high sterilization) and sto	icies governing surgical care o assure the achievement and o standards of medical	980 9427	cabinet after Steris 1 processing in the Steris pan, with notes designating the process time and date. Scopes and instrumentation were found to be stoped wet. On the same day as the survey OR and SPD consulted together and decided to have SPD process all cystoscopes and cysto instrumentation in the same day as the survey OR and SPD consulted together and decided to have SPD process all cystoscopes and cysto instrumentation in the same day as the survey OR and SPD consulted together and cystoscopes are usuall considered a clean procedure, this equipment is maintained sterile. All cystoscopes, etc., are now packaged separately and sterilized appropriate according to manufacturer guideline	he ne ored , the l on.
8	January 9, 2012, at contained five close endoscopes, camer	rating Room (OR) #13 on 1:10 p.m., revealed a cabinet d rigid containers with as, light cords, and		OR associates have been instructed a preliminary cleaning of scopes, th send to SPD for further processing, cystoscopes and cysto-instruments a maintained in terminally sterilized containers and stored with sterile instrumentation in the OR. The SPI	to do en All are
	instrumentation, with inside of the contain containers revealed the containers with	n visible moisture on the ters. Observation of the cardboard cards set on top of dates and times of January 9, d 9:10 a.m., (four hours		OR staff department orientation has been revised to reflect the change in	practice.

November 28, 2012 FORM AMAROSEM OMB NO. 0938-0391,

DEPART	MENT OF HEALTH	AND HUMAN SERVICES & MEDICAID SERVICES	*			OMB NO.	
TEMENT	OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) M		PLE CONSTRUCTION 3.	COMPLE	TED
		440120	B. Win			01/1	1/2012
	ROVIDER OR SUPPLIER		а	90	EET ADDRESS, CITY, STATE, ZIP CODE 10 EAST OAK HILL AVENUE NOXVILLE, TN 37917	* 2"	æ
MERCY	MEDICAL CENTER	, S. E.K.	- 10		PROMDER'S PLAN OF CORRE	CTION	(X5) COMPLETION
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A 951	Continued From pa		AS	951	*	(%) (%)	× *
a	Interview with Scru at 1:10 p.m., in OR were processed in automatic process stored in the rigid of cabinet for use du	b Tech #1 on January 9, 2012, #13, revealed the scopes the rigid trays using an or in the mornings and then containers, stacked in the ring "clean" procedures (not cheduled during the day.		2	£ 5	s.	ži at p
4	the OR on January #13, and at 1:50 p. confirmed staff pro mornings, and stor containers, without	Director and the Manager of 9, 2012, at 1:20 p.m., in OR m., in the substerile room, cess the endoscopes in the e the scopes in the rigid drying the scopes or r use throughout the day and	×			e a	- 8 T
in the second se	"Devices are ster immediate use upon the sterile procession chamber and the palso sterilized during environment for the between the comparemoval of the devices sterile processor should by the sterile processor should be	ommendations revealed, rilized, rinsed, and ready for on the successful completion of ing cycleThe processing processing containers/trays are not the cycle to provide a sterile devices during the brief time letion of sterilization and the ices for use. The use of cessed in a SYSTEM 1 pe in a manner consistent with the ices in a manner consistent with the ices in patient procedures, it in SYSTEM 1 are sterile and the use in patient procedures.					

November 28132012 FORM APPROBATED OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

	T OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	A. BUII	LOING	INSTRUCTION	COMPL	
		440120		OTOSST AS	DDRESS, CITY, STATE, ZIP CODI		1/2012
	PROVIDER OR SUPPLIER MEDICAL CENTER		.es	900 EAS	ST OAK HILL AVENUE VILLE, TN 37917	-	āa
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A 951	AORN (Association	dures. (Organizations such as of periOperative Nurses) and	A 9	051	SI		
2	Associates] offer po Devices stored ove time, or otherwise r transported to the s	Sastroenterology Nurses and ost-processing guidelines.) rnight, for extended periods of not properly removed and terile field for immediate use erilized prior to use in patient		=	đ.	a	.30
3	the OR on January substerile room and Director of Sterile P at 2:35 p.m., in the Department, confirm reviewed manufactuthe automatic proce before implementing endoscopes in the r Further interviews covere only used in "chigh level disinfection".	ned the facility had not urer's recommendations for issor or the endoscopes, of the process of storing the ligid containers during the day onfirmed the endoscopes lean" procedures requiring on of the scopes and	#2 #4				
	cavities were entere was required. Furth manufacturer's reco	I not procedures where sterile d and sterile instrumentation er interviews confirmed mmendations and society followed in processing and bes.	(B)				
8	5 37 E	•	0		NA		

Facility ID: TNP53145

November 28, 2012 11:05am

865 545 7557 P 26/37 8652125642 >> FORM APPROVED DC0547PM13501 2012-01-17 14:16 DEPARTMENT OF HEALTH AND HUMAN SERVICES OMB NO. 0938-0391 CENTERS FOR MEDICARE & MEDICAID SERVICES (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION (X1) PROVIDER/SUPPLIER/CLIA COMPLETED STATEMENT OF DEFICIENCIES IDENTIFICATION NUMBER: A BUILDING 01 - MAIN AND PLAN OF CORRECTION 01/11/2012 a. WING 440120 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917 MERCY MEDICAL CENTER PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE (X5) MPLETION DATE SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) ID PREFIX TAG PREFIX DEFICIENCY) TAG K 020 : NFPA 101 LIFE SAFETY CODE STANDARD K 020 Stairways, elevator shafts, light and ventilation shafts, chutes, and other vertical openings between floors are enclosed with construction having a fire resistance rating of at least one hour. An atrium may be used in accordance with 19.3.1.1. 8.2.5.6. This STANDARD Is not met as evidenced by: Based on observation and interview, the facility failed to assure corridor vertical shafts were maintained. The findings include: Observation and interview with the Maintenance DUMBNIAITER SHAFT
PERMANTLY SEALED AND
RATED 1-20-12 Director, on January 9, 2012 at 2:20 p.m. confirmed the Electrical room on LL1 had a dumbwaiter shaft that was open on one side through to the ground floor above. K 025 NFPA 101 LIFE SAFETY CODE STANDARD Smoke barriers are constructed to provide at least a one half hour fire resistance rating in accordance with 8.3. Smoke barriers may terminate at an atrium wall. Windows are protected by fire-rated glazing or by wired glass panels and steel frames. A minimum of two separate compartments are provided on each floor. Dampers are not required in duct penetrations of smoke barriers in fully ducted heating, ventilating, and air conditioning systems, 19.3.7.3, 19.3.7.5, 19.1.6.3, 19.1.6.4 This STANDARD is not met as evidenced by: (X8) DATE TITLE LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction is requisite to continued days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued days following the date these documents are made available to the facility.

November 28, 2012 11:05am

2012-01-17 14:17 8652125642 >> 865 545 7557 P 27/37 DC0547PM13501 PRINTED, VITIEZUIZ DEPARTMENT OF HEALTH AND HUMAN SERVICES FORM APPROVED CENTERS FOR MEDICARE & MEDICAID SERVICES OMB NO. 0938-0391 STATEMENT OF DEFICIENCIES (X3) DATE SURVEY COMPLETED (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION IDENTIFICATION NUMBER: A. BUILDING 01 - MAIN B. WING 440120 01/11/2012 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE MERCY MEDICAL CENTER KNOXVILLE, TN 37917 PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY) SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) (X4) ID PREFIX (XS) COMPLETION PREFIX TAG TAG K 025; Continued From page 1 K 025 Based on observation and interview, the facility failed to assure smoke barrier fire ratings are maintained. The findings include: Observation and interview with the Maintenance Director, on January 9, 2012 between 9:30 am and 2:00 p.m. confirmed unsealed penetrations in the LL2 A-wing corridor above the ceiling outside the electrical room, The "Disaster Supply Room " corridor wall, and The connector hallway behind ICU electrical room corridor wall NFPA 101 LIFE SAFETY CODE STANDARD K 045 K 045 Illumination of means of egress, including exit discharge, is arranged so that failure of any single lighting fixture (bulb) will not leave the area in darkness. (This does not refer to emergency lighting in accordance with section 7.8.) This STANDARD is not met as evidenced by: New MULT-LAMP Based on observation and interview, the facility facture installed 1,12-12 failed to assure the exit discharges from the building were not illuminated such that the failure of any single lighting fixture (bulb) would not leave the area in darkness (NFPA 101, 7.8.1.4). The findings include: Observation and interview with the Maintenance Director, on January 9, 2012 at 3:20 p.m. confirmed the outside lights at the exits from the women 's pavillon 3rd floor by room 024 was not provided with multiple fixtures. K 072 NFPA 101 LIFE SAFETY CODE STANDARD K 072 Means of egress are continuously maintained free of all obstructions or impediments to full instant

November 28, 2012 11:05am

	NT OF DEFICIENCIES OF CORRECTION	& MEDICAID SERVICES (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MU A. BUILI	ILTIPLE CONSTRUCTION DING 01 - MAIN	The state of the s	OMB NO (X3) DATE & COMPL	URVEY
		440120	B. WING	;		01/1	1/2012
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9	exceed 32 gal (121 L) tensity of container calloes not exceed .5 gal expacity of 32 gal (121 any 64 sq ft (5.9-sq m) or trash collection rece	ollection receptacles do not in capacity. The average pacity in a room or space /sq ft (20.4 L/sq m). A L) is not exceeded within area. Mobile soiled linen ptacles with capacitles 1 L) are tocated in a room us area when not					

FORM CMS-2567(02-99) Previous Versions Obsolete

November 28, 2012 11:05am

865 545 7557 P 29/37 8652125642 >> 2012-01-17 14:18 DC0547PM13501 DEPARTMENT OF HEALTH AND HUMAN SERVICES FORM APPROVED OMB NO. 0938-0391 **CENTERS FOR MEDICARE & MEDICAID SERVICES** (X3) DATE SURVEY COMPLETED BTATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION IDENTIFICATION NUMBER: A BUILDING MAM - 10 B. WING 440120 01/11/2012 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE **MERCY MEDICAL CENTER** KNOXVILLE, TN 37917 PROVIDER'S PLAN OF CORRECTION (DCI) COMPLETION SUMMARY STATEMENT OF DEFICIENCIES (X4) ID (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) EACH CORRECTIVE ACTION SHOULD BE PREFIX PREFIX CROSS-REFERENCED TO THE APPROPRIATE TAG TAG DEFICIENCY of survey 1-10-12 Bh K 075 | Continued From page 3 This STANDARD is not met as evidenced by: Based on observation and staff interview, the facility failed to assure combustible decorations were fire retardant (NFPA 110, 19,7,5.4). The findings include: Observation and Interview with the Maintenance Director, on January 10, 2012 at 2:00 p.m. confirmed the facility falled to treat the quilt hanging in the corridor across room C391. K 147 NFPA 101 LIFE SAFETY CODE STANDARD K 147 Electrical wiring and equipment is in accordance with NFPA 70. National Electrical Code. 9.1.2 Junerion Box lacks were installed & Convey By 1-9-12 This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to assure electrical junction boxes had their covers installed. (NFPA 70, 314.28 (C). The findings include: Observation and Interview with the Maintenance Director, on January 9, 2012 at 2:00 p.m. confirmed junction boxes without covers in ceiling by Tower 4 Nurses Station vestibule above light, Dialysis equipment room, 2W across from storage room with exposed wires, LL2 between stairwell and elevator, Women's Pavillion 1st floor outside elevator equipment room, and ICU In the corridor by 15-20.

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Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that ther safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days rollowing the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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November 28, 2012 11:05am

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LETTER OF INTENT

LETTER OF INTENT

TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Knoxville News Sentinel which is a newspaper (Name of Newspaper)

of general circulation in Knox County Tennessee, on or before November 9, 2012, for one day

of general circulation in Knox County, Tennessee, on or before November 9, 2012, for one day.

(County) (Month / day)(Year)

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in

accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that: Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare, North Knoxville Medical Center, Hospital

(Name of Applicant)

(Facility Type-Existing)

owned by: Metro Knoxville HMA Holdings, LLC, d/b/a Tennova Healthcare with an ownership type of Limited Liability Corporation and to be managed by: Metro Knoxville HMA Holdings, LLC, d/b/a Tennova Healthcare intends to file an application for a Certificate of Need

for: the initiation of diagnostic cardiac catheterization services, to be located on the Tennova Healthcare – North Knoxville Medical Center campus, 7565 Dannaher Drive, Powell, TN 37849. The project involves construction and equipping of shell space within the hospital to serve as a dual cardiac catheterization/vascular lab, support areas for the lab, expanded waiting room, and additional pre-operative and post-operative space. No inpatient beds are involved in this project. The anticipated total cost of the project is \$4,377,421.

The anticipated date of filing the application is:

November 14, 2012

The contact person for this project is

Jeffrey D. Potter

Senior Vice President

who may be reached at: <u>Tennova Healthcare</u> (Company Name)

200 E. Blount Ave., Suite 600

(Address)

Knoxville

Tennessee

(Contact Name)

(State)

37920 (Zip Code) 865 / 632-5605

(Area Code / Phone Number)

(City)
(Signature)

November 8, 2012

jeff.potter@hma.com

o) (E

(Date)

(E-mail Address)

The Letter of Intent must be <u>filed in triplicate</u> and <u>received between the first and the tenth</u> day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency Andrew Jackson Building 500 Deaderick Street, Suite 850 Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

CERTIFICATE OF NEED REVIEWED BY THE DEPARTMENT OF HEALTH Division of Policy, Planning and Assessment Office of Health Statistics

615-741-1954

DATE: January 31, 2013

APPLICANT: Metro Knoxville HMA, LLC

D/b/a Tennova Healthcare, North Knoxville Medical Center

7565 Dannahar Drive Powell, Tennessee 37849

CON# CN1211-056

CONTACT PERSON: Jeffery D. Potter, Senior Vice President

Tennova Healthcare

200 East Blount Avenue, Suite 600 Knoxville, Tennessee 37920

COST: \$4,377,421

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2000 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare-North Knoxville Medical Center, seeks Certificate of Need (CON) approval for the initiation of diagnostic cardiac catheterization, to be located on the Tennova Health Care-North Knoxville Medical Center campus, 7565 Dannahar Drive, Powell (Knox County), Tennessee 37849. The project involves construction and equipping of shell space within the hospital to serve as a dual cardiac catheterization/vascular lab, support services for the lab, expanded waiting room, and additional pre-operative and post-operative space. No inpatient beds are involved in this project.

Within the lab and control room itself, Phillips Allura Xper FD 20 equipment will be utilized. The Allura FD 20 system provides the flexibility to serve the needs of both cardiologists and vascular surgeons though a state of the art monoplane x-ray imaging system conducive to producing high quality outcomes while gaining the efficiency benefits inherent in a dual lab versus single-specialty space.

In addition to the lab and control room equipment, IT equipment, monitors, headwalls, and beds for preand post-operative areas, furniture, and miscellaneous equipment will be installed.

Construction will include finishing out shell space on the second floor of the existing hospital, near the operating room suites, to add one dual cardiac catheterization/vascular lab with a control room. Space for a second lab is available but will remain shelled until such time as demand indicates a second lab. Support space will also be finished out, including two holding/recovery bays, a work area, supply room, viewing room for the physicians, soiled holding area, and on-call rooms for physicians. The existing family waiting area for the operating room suites will also be expanded to accommodate the dual lab patient's family members. Because this space is shell space, no existing service will be relocated or disturbed during the construction process.

The total cost of construction is \$1,302,289, or \$167.95 per square foot. The project's cost per square foot places it between the 1st and 3rd Quartile and Median of the hospital square foot renovation projects.

The site of service is North Knoxville Medical Center, which is a satellite location of Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare. North Knoxville Medical Center is a satellite location of Metro Knoxville HMA LLC, d/b/a Tennova Healthcare. In Metro Knoxville Tennova Health Care provides inpatient care on three campuses, Physicians Regional Medical Center, North Knoxville Medical Center, and Turkey Creek Medical Center. These three campuses operate under a single hospital license and Medicare provider number.

Metro Knoxville HMA LLC is wholly owned and operated by Health Management Associates, LLC, with its home office in Naples, Florida. An organizational chart is provided in Attachment B.I. Project Description. 3.

The total estimated project cost is \$4,377,421 and will be funded through cash reserves as documented in a letter from the Chief Financial Officer in Attachment C. Economic Feasibility. 2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition.*

NEED:

The applicants' service area includes Anderson, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Scott, Sevier, and Union counties. The following chart illustrates the service area total population projections for 2013 and 2017.

Service Area Total Population Projections for 2013 and 2017

County	2013 Population	2017 Population	% Increase/ (Decrease)
Anderson	74,517	75,167	1.0%
Campbell	42,036	42,600	1.3%
Claiborne	32,717	33,395	2.1%
Cocke	37,001	37,848	2.3%
Grainger	23,943	24,662	3.0%
Hamblen	63,947	65,455	2.4%
Jefferson	54,143	56,623	4.6%
Knox	431,991	443,016	2.6%
Scott	23,465	24,272	3.4%
Sevier	90,142	94,587	4.9%
Union	21,147	22,206	5.0%
To	otal 895,049	919,831	2.8%

Source: Tennessee Population Projections 2000-2020, February 2008 Revision: Tennessee Department of Health, Division of Policy, Planning and Assessment – Office of Health Statistics

Service Area Catheterization Utilization in the Proposed Service Area

Facility	# of Cath Labs	Total	Procedures Per Lab	% of
				Capacity
Tennova Physicians Regional	3	6,535	2,178	109%
Tennova Turkey Creek	1	3,074	3,074	154%
Ft. Sanders Regional	4	4,572	1,143	57%
Parkwest	5	13,201	2,640	132%
Methodist Oak Ridge	2	3,286	1,643	82%
Morristown Hamblen	2	3,687	1,844	92%
LeConte	1	484	484	24%
UTMC	4	6,669	1,667	83%
Total Average Utilization	22	41,508	1,887	94%

Source: Tennessee Population Projections 2000-2020, February 2008 Revision; Tennessee Department of Health, Division of Policy, Planning and Assessment – Office of Health Statistics The average utilization of existing catheterization labs in the proposed service area is 94%, which meets **Criteria 8. Definition of Need for New Services** stating: "the average current utilization for all existing and approved providers is equal to or greater than 70% of capacity (i.e. 70% of 2,000 cases) for the proposed service area".

TENNCARE/MEDICARE ACCESS:

Tennova Healthcare is in network with all TennCare MCOs /BHOs in the service area. The following chart illustrates the TennCare enrollees in the applicant's service area:

TennCare Enrollees in the Applicant's Service Area.

County	2013 Population	TennCare Enrollees	% TennCare Enrollees
Anderson	74,517	13,936	18.7%
Campbell	42,036	11,855	28.2%
Claiborne	32,717	7,931	24.2%
Cocke	37,001	9,877	26.7%
Grainger	23,943	4,916	20.5%
Hamblen	63,947	13,008	20.3%
Jefferson	54,143	10,088	18.6%
Knox	431,991	62,680	14.5%
Scott	23,465	7,332	31.3%
Sevier	90,142	15,447	17.1%
Union	21,147	4,428	20.9%
Total	895,049	161,498	18%

Source: Tennessee Population Projections 2000-2020, February 2008 Revision: Tennessee Department of Health, Division of Policy, Planning and Assessment – Office of Health Statistics

Tennova expects 61% of its net revenue will be Medicare and 12% of its net revenue will be from TennCare.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

In the Project Costs Chart, the total estimated project cost is \$4,377,421, which includes \$35,000 for legal, administrative, and consulting fees; \$1,302,289 for construction costs; \$50,000 for contingency fund; \$1,728,000 for fixed equipment; \$1,252,305 for moveable equipment; and \$9,827, for CON filing fees.

In the Historical Data Chart located in Supplemental 1, the applicant reports 3,321, 3,321, and 3,026 admissions in 2009, 2010, and 2011 with gross operating revenues of \$208,924,591, \$255,936,581, and \$253,422,464 each year, respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to \$54,418,255, \$60,102,901, and \$59,008,580 each year. The applicant paid management fees of \$8,737,825 in 2011. The applicant reports a net operating income of \$197,213, \$1,284,979, and \$5,460,163 each year, respectively.

In the Projected Data Chart, the applicant projects 285 cardiac catheterizations in year one and 306 cardiac catheterizations in year two with gross operating revenues of \$4,628,256 and \$5,553,907 each year, respectively. Contractual adjustment, provisions for charity care and bad debt reduced net operating revenues to \$43,597,520 \$1,030,736 and \$1,247,657 each year. The applicant projects net operating income of \$423,064 and \$604,999 each year, respectively

The applicant projects an average gross charge of \$16,239, with an average deduction of \$12,623, resulting in an average net charge of \$3,616.

The alternatives to this proposal are to continue transferring patients who need cardiac services to other hospitals, thereby continuing to inconvenience patients and their families, particularly those travelling from the more rural portions of the service area. In partnership with East Tennessee Heart Consultants, Tennova is committed to providing the highest quality cardiac care in a location easily accessible to patients. Physicians Regional Medical Center with its three cardiac catheterization labs are at 109% of capacity and

Tennova Turtle Creek with its one cardiac catheterization lab is at 154% of capacity. The applicant notes that the service area population is growing and aging. Tennova Healthcare and East Tennessee Heart Consultants believe it is necessary to provide a convenient alternative for residents of the service area requiring catheterization services..

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant provides the listing of all contractual and working relationships of Tennova Healthcare on page 38 of the application.

The applicant anticipates having a positive impact on the healthcare system, by providing access to a key service for patients in North Knoxville's service area, particularly for patients in the more rural counties.

The project should have little impact on the utilization rates of other providers in the service area. The applicant reports that because North Knoxville Medical Center is a smaller suburban hospital, its market share of inpatients in the area is lower than the other hospitals in the area providing cardiac catheterizations services. Minimum volumes can be achieved by North Knoxville initiating the service and then having incremental growth until it essentially maintains its current market share. The purpose of the project is to provide an alternative and convenient location for patients of East Tennessee Heart Consultants to receive cardiac catheterization services.

The dual cardiac catheterization/vascular lab will be staffed is as following, in addition to general staffing such as admitting, Pre-op nursing, Post-op nursing, and the staff on the nursing unit: 1.0 FTE physician, 1.0 FTE First assistant/cardiovascular technician, and 2.0 FTE cardiovascular technicians.

The applicant provides a listing of all education affiliates on page 40 of the application.

Tennova Healthcare-North Knoxville Medical Center is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by The Joint Commission. The facility was last surveyed on 1/11/12 and a copy of the survey is provided in Supplemental 1.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition.*

Standards and Criteria for All Cardiac Catheterization Services

Applicants proposing to provide any type of cardiac catheterization services must meet the following minimum standards:

1. **Compliance with Standards:** The Division of Health Planning is working with stakeholders to develop a framework for greater accountability to these Standards and Criteria. Applicants should indicate whether they intend to collaborate with the Division and other stakeholders on this matter.

The applicant intends to fully cooperate with the Division and other stakeholders on this matter.

2. **Facility Accreditation:** If the applicant is not required by law to be licensed by the Department of Health, the applicant should provide documentation that the facility is fully accredited or will pursue accreditation by the Joint Commission or another appropriate accrediting authority recognized by the Centers for Medicare and Medicaid Services (CMS).

The applicant is licensed by the Department of Health and accredited by The Joint Commission.

3. **Emergency Transfer Plan:** Applicants for cardiac catheterization services located in a facility without open heart surgery capability should provide a formalized written protocol for immediate and

efficient transfer of patients to a nearby open heart surgical facility (within 60 minutes) that is reviewed/tested on a regular (quarterly) basis.

North Knoxville Medical Center does not have open heart surgery capabilities, but does have a transfer protocol to Physicians Regional Medical Center. Physicians Regional has one of the most respected and experienced open heart surgery programs in the region and is located eight miles south of North Knoxville Medical Center. The protocol for transfers from North Knoxville Physicians Regional is attached as Attachment C. Need.A.3.

4. **Quality Control and Monitoring:** Applicants should document a plan to monitor the quality of its cardiac catheterization program, including, but not limited to, program outcomes and efficiency. In addition, the applicant should agree to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation 2.

A copy of Tennova's comprehensive quality program is attached as Attachment C. Need.A.4.

5. **Data Requirements:** Applicants should agree to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant will provide the Department of Health and/or the Health Services and Development with all reasonably requested information and statistical data related to the operation and provision of services. Tennova Healthcare already provides data on its other two hospitals that offer cardiac catheterization services and the data is provided from existing data reporting systems and processes.

6. Clinical and Physical Environment Guidelines: Applicants should agree to document ongoing compliance with the latest clinical guidelines of the American College of Cardiology/Society for Cardiac Angiography and Interventions Clinical Expert Consensus Document on Cardiac Catheterization Laboratory Standards (ACC Guidelines). As of the adoption of these Standards and Criteria, the latest version (2001) may be found online at the following website: http://www.acc.org/qualityandscience/clinical/consensus/angiography/dirIndex.htm.

Where providers are not in compliance, they should maintain appropriate documentation stating the reasons for noncompliance and the steps the provider is taking to ensure compliance. These guidelines include, but are not limited to, physical facility requirements, staffing, training, quality assurance, patient safety, screening patients for appropriate settings, and linkages with supporting emergency services.

The applicant will document ongoing compliance with the latest clinical guidelines outlined by the ACC. Tennova Healthcare's two other cardiac catheterization programs are in compliance with these standards and the expertise of personnel already in the healthcare systems will be utilized to ensure that this new program is compliant.

7. **Staffing Recruitment and Retention:** The applicant should generally describe how it intends to maintain an adequate staff to operate the proposed service, including, but not limited to, any plans to partner with an existing provider for training and staff sharing.

Tennova Healthcare's two other hospitals in Metro Knoxville already provide cardiac catheterization services. Experienced staff from those two programs will be utilized to provide training and leadership for any newer staff hired for the cardiac catheterization/vascular lab. Knoxville has adequate resources of trained, qualified staff to support the services, and Tennova Healthcare has a robust and long-standing recruiting process with a demonstrated track record of hiring and retaining staff.

8. **Definition of Need for New Services:** A need likely exists for new or additional cardiac catheterization services in a proposed service area if the average current utilization for all existing and approved providers is equal to or greater than 70% of capacity (i.e., 70% of 2,000 cases) for the proposed service area.

Within North Knoxville Medical Center's 11 county service area, there are eight hospitals providing cardiac catheterization services to adults; two of the hospitals are part of the Tennova system. The average utilization in 2011 by those eight hospitals is 94%.

9. **Proposed Service Areas with No Existing Service:** In proposed service areas where no existing cardiac catheterization service exists, the applicant must show the data and methodology used to estimate the need and demand for the service.

Projected need and demand will be measured for applicants proposing to provide services to residents of those areas as follows:

Need: The projected need for a service will be demonstrated through need-based epidemiological evidence of the incidence and prevalence of conditions for which diagnostic and/or therapeutic catheterization is appropriate within the proposed service area.

Demand: The projected demand for the service shall be determined by the following formula:

- A. Multiply the age group-specific historical state utilization rate by the number of residents in each age category for each county included in the proposed service area to produce the projected demand for each age category;
- B. Add each age group's projected demand to determine the total projected demand for cardiac catheterization procedures for the entire proposed service area.

Not applicable; the proposed service is in an area with existing service providers.

- 10. **Access:** In light of Rule 0720-4-.01 (1), which lists the factors concerning need on which an application may be evaluated, the HSDA may decide to give special consideration to an applicant:
 - a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration?
 - North Knoxville Medical Center's service encompasses designated medically underserved areas by the United States Health Resources and Services Administration including Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Scott, and Union counties.
 - b. Who documents that the service area population experiences a prevalence, incidence and/or mortality from heart and cardiovascular diseases or other clinical conditions applicable to cardiac catheterization services that is substantially higher than the State of Tennessee average;
 - According to the Tennessee Department of Health, Division of Health Statistics, the average age adjusted mortality rate from diseases of the heart was 317 deaths per 100,000 across Tennessee. The counties in North Knoxville's service area with the higher average age-adjusted mortality rates from diseases of the heart are Claiborne, Cocke, Scott, Campbell, Union, and Sevier counties.
 - c. Who is a "safety net hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

North Knoxville Medical Center is not designated as a safety net hospital.

d. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

North Knoxville Medical Center already contracts with all TennCare MCOs and fully participates in the Medicare program.

Specific Standards and Criteria for Diagnostic Cardiac Catheterization Services Only

If an applicant does not intend to provide therapeutic cardiac catheterization services, the HSDA should place a condition on the resulting CON limiting the applicant to providing diagnostic cardiac catheterization services only.

Applicants proposing to provide only diagnostic cardiac catheterization services should meet the following minimum standards:

11. **Minimum Volume Standard:** Such applicants should demonstrate that the proposed service utilization will be a minimum of 300 diagnostic cardiac catheterization cases per year by its third year of operation. Annual volume shall be measured based upon a two-year average which shall begin at the conclusion of the applicant's first year of operation.

If the applicant is proposing services in a rural area, where the HSDA determines that access to diagnostic cardiac catheterization services has been limited, and if the applicant is pursuing a partnership with a tertiary facility to share and train staff, the Agency may determine that a minimum volume of 200 cases per year is acceptable. Only cases including diagnostic cardiac catheterization procedures as defined by these Standards and Criteria and may count towards meeting this minimum volume standard.

Utilizing the age cohort-specific, population-based demand calculation outlined in standard number 9 above, the projected demand in 2013 from North Knoxville Medical Center's service area is 10,571 diagnostic catheterizations. Details of the calculation are provided in Attachment C. Need.A.11. North Knoxville's overall inpatient market share in the service area is 7.4%. If North Knoxville Medical Center simply handles it "share" of diagnostic catheterization volume, it should expect to perform 782 cardiac catheterizations in 2013, as well as the vascular cases expected (approximately 100 in the first year). If North Knoxville performed every diagnostic cardiac catheterization in the market for patients for whom it is the closest hospital offering the service, it would perform approximately 2,250 procedures (based on projected volumes from the Clinton side of Anderson County, Campbell, Scott, and Union counties, and 10% of Knox County).

However, because cardiac catheterization will be a new service for the hospital, and referral patterns will take some time to develop, the applicant does not anticipate capturing the full market share of diagnostic cardiac catheterizations in the first and second years as the program is developing. In the first year, it is projected that about 25% of the standard market share will be performed, for an estimated 275 diagnostic cardiac catheterizations. By offering a quality service led by highly skilled and reputable physicians in a location that easily assessable from those portions of the service area, North Knoxville Medical Center expects steady growth of the program over the first three years, until volumes are equivalent with the hospital's overall market share, or approximately 782 cardiac catheterizations per year. With the high quality of cardiology support provided by East Tennessee Heart Consultants and the convenient location of North Knoxville Medical Center, the minimum standards are expected to be met in the second year of operation of the service.

- 12. **High Risk/Unstable Patients:** Such applicants should:
 - (a) delineate the steps, based on the ACC Guidelines, that will be taken to ensure that high-risk or unstable patients are not catheterized in the facility, and

(b) certify that therapeutic cardiac catheterization services will not be performed in the facility unless and until the applicant has received Certificate of Need approval to provide therapeutic cardiac catheterization services.

Appropriate steps will be taken to ensure that high-risk or unstable patients are not catheterized in the facility, but rather are transferred to Physicians Regional Medical Center or Turkey Creek Medical Center for cardiac catheterization. The applicant certifies that cardiac catheterization services will not be performed unless and until Certificate of Need approval to provide therapeutic services is granted.

13. Minimum Physician Requirements to Initiate a New Service:

The initiation of a new diagnostic cardiac catheterization program should require at least one cardiologist who performed an average of 75 diagnostic cardiac catheterization procedures over the most recent five year period.

All participating cardiologists in the proposed program should be board certified or board eligible in cardiology and any relevant cardiac subspecialties.

Cardiology services at Tennova HealthCare's metro Knoxville facilities are provided by East Tennessee Heart Consultants, the region's most experienced and longest-standing cardiology practice. Each of the physicians who will be performing diagnostic catheterizations in the proposed lab is board certified in cardiology and completed a fellowship in Invasive Cardiology. The credentialing requirements for cardiac catheterization privileges with Tennova Healthcare are attached as Attachment C. Need. A. 13.



1 February 201

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd
Nashville, TN 37243

Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

As a member of Anderson Heart Physicians and Tennova Cardiology, I would strongly advise the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. I provide cardiology services to patients in Anderson, Campbell, Scott, Union, and Claiborne Counties, and many patients ask to have their diagnostic cardiac catheterizations at North Knoxville Medical Center, where they receive the rest of their care. We want to be able to treat these patients in a location that is near home, accessible, and familiar.

Because of its location close to I-75, North Knoxville Medical Center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a key step in the further development of the hospital's services.

I appreciate the time you are taking to carefully consider the needs of my patients living in underserved areas, and I ask that you approve this application.

Yours truly,

Stephen M Teague MD FACC

President, Anderson Heart Physicians

2013 FEB 12 AM 9 38

112.1

Ms. Melanie Hill Executive Director Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Blvd Nashville, TN 37243

Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

As a member of East Tennessee Heart Consultants, I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. We provide cardiology services to patients at North Knoxville Medical Center, and many of our patients have asked to have their diagnostic cardiac catheterizations at North Knoxville, where they receive the rest of their care. We want to be able to treat these patients in a location that is accessible and familiar to them.

Because of its location close to I-75, North Knoxville Medical Center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a key step in the further development of the hospital's services.

I appreciate the time you are taking to carefully consider the needs of these patients, and I ask that you approve this application.

Regards,

Cc: Jeff Potter, Tennova

Melanie Robinson, Tennova



Internal Medicine Associates of Knoxville

a division of Summit Medical Group, PLLC

2013 FEB -8 AM 9: 38

February 4, 2013

John R. Nelson, M.D., F.A.C.P., Retired J. Davis Allan, M.D. Robert C. Alley, M.D. Amy E. Bentley, M.D., F.A.C.P. Larry C. Brakebill, M.D., F.A.C.P. Miriam Brandon, M.D. David C. Durbin, M.D. Cassandra F. Gibbs, M.D. James C. Griffin, II, D.O. M. Douglas Leahy, M.D., M.A.C.P. Stephen P. Lorino, M.D. Gerald L. Mancebo, M.D., F.A.C.P. Peter J. Ochoa, M.D. N. Lynne Taylor, M.D., F.A.C.P. John F. Vannoy, M.D. B. David Wooten, M.D., F.A.C.P.

Douglas H. Luttrell, FNP Elizabeth A. Gager, FNP

Joanne Kennedy, CMPE Administrator

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd.
Nashville, Tn. 37243

RE: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve the North Knoxville Medical Center's application for Cardiac Catheterization Services. Because of its location close to I-75, North Knoxville Medical Center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a key step in the further development of the hospital's services.

As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Sincerely,

Dr. Gerald L. Mancebo, FACP Internal Medicine Associates

cc:

Jeff Potter, Tennova Melanie Robinson, Tennova

7557B Dannaher Way Suite 225 Powell, Tennessee 37849 Phone (865) 546-9751 Fax (865) 362-6680 www.summitmedical.com



Internal Medicine Associates of Knoxville

a division of Summit Medical Group, PLLC 2013 FEB 12 AN 9: 16

February 4, 2013

John R. Nelson, M.D., F.A.C.P., Retired J. Davis Allan, M.D. Robert C. Alley, M.D. Amy E. Bentley, M.D., F.A.C.P. Larry C. Brakebill, M.D., F.A.C.P. Miriam Brandon, M.D. David C. Durbin, M.D. Cassandra F. Gibbs, M.D. James C. Griffin, II, D.O. M. Douglas Leahy, M.D., M.A.C.P. Stephen P. Lorino, M.D. Gerald L. Mancebo, M.D., F.A.C.P. Peter J. Ochoa, M.D. N. Lynne Taylor, M.D., F.A.C.P. John F. Vannoy, M.D. B. David Wooten, M.D., F.A.C.P.

Douglas H. Luttrell, FNP Elizabeth A. Gager, FNP

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Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd.
Nashville, Tn. 37243

RE: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve the North Knoxville Medical Center's application for Cardiac Catheterization Services. North Knoxville Medical Center is located close to I-75 and is the most convenient and accessible hospitals for those patients who live in the far north side of Knox County and they also serve the rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a key step in the further development of the hospital's services.

As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of not only our patients but the patients Tennova serves in North Knoxville.

Sincerely,

Dr. M. Douglas Leahy, MACP Internal Medicine Associates

7557B Dannaher Way Suite 225 Powell, Tennessee 37849 Phone (865) 546-9751 Fax (865) 362-6680 www.summitmedical.com cc: Jeff Potter, Tennova



2013 FEB 12 AM 9 38

HS10

Architecture

Interiors

Civil

Structural

Mechanical

Electrical

Surveying

C.M.

February 8, 2013

Ms. Melanie Hill Executive Director

Tennessee Health Services and Development Agency

Frost Building, 3rd Floor 161 Rosa L. Parks Blvd.

Nashville, Tn 37243

Re: Tennova Healthcare application for Cardiac Catheterization Services at the North Knoxville Medical Center

Dear Ms. Hill,

The purpose of this letter is to recommend approval for the North Knoxville Medical Center's application for Cardiac Catheterization Services. As a former Knox County Commissioner representing this rapidly growing part of Knox County, I can personally attest to the need for a healthcare facility that provides a full range of services. Bringing such a vital and necessary service to an end of the county that has been underserved with services of this type is essential to our communities.

Too often, medical services are taken for granted until it is you or your family who is impacted. Having elderly parents with medical needs and being a cancer survivor myself, it is critical in my opinion, that this application be approved.

I fully support the mission and vision that Tennova is providing our communities through the North Knoxville Medical Center and again, urge approval.

Thank you for your service to the citizens of our state and for your kind consideration of this application.

Best regards,

Michael Brady, Inc.

Larry F. Stephens

Principal

2013 FEB 12 AM 9 38

February 8, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd.
Nashville, Tn 37243

Re: Tennova Healthcare application for Cardiac Catheterization Services at the North Knoxville Medical Center

Dear Ms. Hill,

Twice during my tenure, as Knox County Mayor, I testified before the Health Facilities Commission regarding services for our community. On both occasions, the commission approved the requests which were in the best interest of our citizens.

I took this responsibility very seriously because comprehensive medical care is of vital importance to the citizens of our state. Now as a private citizen, I once again solicit your consideration for approval of the Cardiac Catheterization Services at Tennova's North Knox Medical Center.

This would benefit thousands of area citizens and continue to improve the quality of life in our community. I appreciate the service you and your commission provide our state. Also, thank you for your thoughtful consideration of this important request.

Best regards,

Michael R. Ragsdale

Mike Kayseful

President



Internal Medicine Associates of Knoxville

a division of Summit Medical Group, PLLC 2013 FEB | 2 M 9: 18

February 4, 2013

John R. Nelson, M.D., F.A.C.P., Retired J. Davis Allan, M.D. Robert C. Alley, M.D. Amy E. Bentley, M.D., F.A.C.P. Larry C. Brakebill, M.D., F.A.C.P. Miriam Brandon, M.D. David C. Durbin, M.D. Cassandra F. Gibbs, M.D. James C. Griffin, II, D.O. M. Douglas Leahy, M.D., M.A.C.P. Stephen P. Lorino, M.D. Gerald L. Mancebo, M.D., F.A.C.P. Peter J. Ochoa, M.D. N. Lynne Taylor, M.D., F.A.C.P. John F. Vannoy, M.D. B. David Wooten, M.D., F.A.C.P.

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Joanne Kennedy, CMPE Administrator

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd.
Nashville, Tn. 37243

RE: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I am writing in support of North Knoxville Medical Center's application to the Tennessee Health Services and Development Agency to approve their application for Cardiac Catheterization Services. North Knoxville Medical Center is located close to I-75, and is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a key step in the further development of the hospital's services.

As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of not only our patients but all the patient's North Knoxville Medical Center serves in this area.

Sincerely,

Miriam Brandon, M.D.

Internal Medicine Associates

CC:

Jeff Potter, Tennova

Melanie Robinson, Tennova

7557B Dannaher Way Suite 225 Powell, Tennessee 37849 Phone (865) 546-9751 Fax (865) 362-6680 www.summitmedical.com



Richard A. Antonucci, MD Yi Feng, MD Hesamm Gharavi, MD Ross E. Kerns, MD Mitchell D. Martin, MD St. Mary's North 7551 Dannaher Lane Powell, TN 37849 Phone: 865-637-9330 Fax: 865-859-7222 The Tower At Parkwest 9430 Park West Blvd., Suite 120 Knoxville, TN 37923 Phone: 865-693-2255 Fax: 865-691-7888

2013 FEB 12 AM 9 38

February 7, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd
Nashville, TN 37243

Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. Because of its location close to I-75, North Knoxville Medical Center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a key step in the further development of the hospital's services.

As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards,

Mitchell Martin, MD

Tennessee Cancer Specialists

Cc:

Jeff Potter, Tennova



EXECUTIVE BOARD OF DIRECTORS Michael Brunson, M.D. David Buckner, M.D. Shannon Byrd, M.D. Jesse Doers, M.D.

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Kelly Scott
Assistant to Lance Boyd,
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Business Office Manager

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Justin Frey, Site Manager

STATCARE MEDICAL GROUP

a division of Summit Medical Group, PLLC

2013 FEB 12 AM 9 37

02/07/2013

Ms. Melanie Hill Executive Director Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Blvd Nashville, TN 37243

Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. Because of its location close to I-75, North Knoxville Medical Center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a key step in the further development of the hospital's services.

As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards,

Rhonda Sivley, MD

Cc: Jeff Potter, Tennova



Michael Brunson, M.D.
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Shannon Byrd, M.D.
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Assistant to Lance Boyd,

V.P. of Hospitalist Services

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Justin Frey, Site Manager

STATCARE MEDICAL GROUP

a division of Summit Medical Group, PLLC

02/07/2013

2013 FEB 12 AM 9 37

Ms. Melanie Hill Executive Director Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Blvd Nashville, TN 37243

Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. Because of its location close to I-75, North Knoxville Medical Center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a key step in the further development of the hospital's services.

As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards,

Scott Dryzer, MD

Cc: Jeff Potter, Tennova



Michael Brunson, M.D.
David Buckner, M.D.
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Jesse Doers, M.D.
Ronald Estes, M.D.
Glen Hall, M.D.
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Pulmonary Medical Director

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02/07/2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd
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lleana Munteanu, MD

Cc: Jeff Potter, Tennova



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James Miller, MD

Cc: Jeff Potter, Tennova Melanie Robinson, Tennova



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Andrey Sexton

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02/07/2013 2013 FEB 13 PM 12 44

Ms. Melanie Hill Executive Director Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Blvd Nashville, TN 37243

Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. Because of its location close to I-75, North Knoxville Medical Center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a key step in the further development of the hospital's services.

As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards,

Cc: Jeff Pøtter, Tennova



Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
Phone: 865-525-6688, Fax: 865-525-0245
Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
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Timothy Ballard, APN, MSN, ACNP R. Eric Dickenson, PA-C Stephen Miller, APN, MSN, ACNP Jeffrey Nitz, PA-C

February 8, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L Parks Blvd.
Nashville, TN 37243

Re: Tennova Heathcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. Because of its location close to I-75, North Knoxville Medical Center is a convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a step in further development of the hospital's services. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards

L/DH/kkg

CC: Jeff Potter, Tennova

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Timothy Ballard, APN, MSN, ACNP R. Eric Dickenson, PA-C Stephen Miller, APN, MSN, ACNP Jeffrey Nitz, PA-C

February 7, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L Parks Blvd.
Nashville, TN 37243

Re: Tennova Heathcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. It is located close to I-75 and this medical center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County and in rural counties north of the metropolitan area. It is important that our patients have access to these critical services.

As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards,

John A Ternay, MD, FACC

JAT/kkg

CC: Jeff Potter, Tennova

2013 FEB 12 AM 9 37

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Timothy Ballard, APN, MSN, ACNP R. Eric Dickenson, PA-C Stephen Miller, APN, MSN, ACNP Jeffrey Nitz, PA-C

February 7, 2013

Ms. Melanie Hill **Executive Director** Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L Parks Blvd. Nashville, TN 37243

Re: Tennova Heathcare's application for Cardiac Catheterization Laboratory at North Knoxville **Medical Center**

Dear Ms. Hill:

I am a member of East Tennessee Heart Consultants and have worked at Physicians Regional Medical Center now for the past 25½ years. During this time, our hospital built a state-of-the-art hospital in North Knoxville on Emory Road. As time has gone on many of the patient services have expanded at North Knoxville Medical Center, as have the physician faculty. We now have intensive care unit coverage with our pulmonary/intensivist group, as well as ongoing care at the hospital with our internal medicine group, and their associated hospitalist group. The nephrology service has also instituted a dialysis program there. There are multiple surgeons working at the hospital and they continue to expand their services including orthopedics and vascular. In this setting, we have provided noninvasive cardiac services since North Knoxville Medical Center opened several years ago. As the hospital has grown, it is clear now that we will need diagnostic cardiac catheterization capabilities to continue a high level of quality care for our patients there. As you know, North Knoxville Medical Center does serve the North Knoxville area but also the surrounding communities extending into Anderson County, Union County, and Claiborne County.

Ms. Melanie Hill February 7, 2013 Page 2 of 2

I would appreciate your time as well as the Tennessee Health Services and Developmental Agency Board to carefully consider approving Tennova Heathcare's request for diagnostic Cardiac Catheterization Laboratory at North Knoxville Medical Center.

Sincerely,

Joseph D Minardo, MD, FACC

JDM/kkg

CC: Jeff Potter, Tennova



Knoxville HMA Cardiology PPM, LLC

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February 7, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L Parks Blvd.
Nashville, TN 37243

Re: Tennova Heathcare's application for Cardiac Catheterization Laboratory at North Knoxville Medical Center

Dear Ms. Hill:

I am writing to ask that the strongest consideration be given to approval of North Knoxville Medical Center's application for a Cardiac Catheterization Laboratory. This medical center is located in a crucial area that is the most conveniently accessed medical facility for a very large number of patients who live in the northern part of Knox County or in surrounding counties north of Knox County. Because of the volume of cardiac related admissions currently and the certain significant increase with availability of catheterization and vascular surgical facilities, I think it is critically important that a diagnostic laboratory be approved. I am a cardiologist practicing at North Knoxville Medical Center and my patients would greatly benefit from the availability of these services at that facility.

Thank you for your careful consideration of this matter.

Sincerely,

David A Cox, MD, FACC

DAC/kkg

CC: Jeff Potter, Tennova



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February 7, 2013

Ms. Melanie Hill, Executive Director Tennessee Health Services and Developmental Agency Frost Building, 3rd Floor 161 Rosa L. Parks Boulevard Nashville, Tennessee 37243

RE: Tennova Healthcare's Application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I am a cardiologist with East Tennessee Heart Consultants and provide cardiac care to the citizens of east Tennessee and neighboring areas at Tennova Physician's Regional Medical Center and Tennova North Knoxville Medical Center. The North Knoxville Medical Center facility has applied for cardiac catheterization services. As a practicing cardiologist at that facility, I believe having a diagnostic catheterization lab will provide a needed service to the patients from North Knoxville and beyond and will enhance their care. At present, we have to transfer patients to the Physician's Regional Medical Center or Tennova Turkey Creek Medical Center for any invasive diagnostic cardiac or vascular testing, much of which could be easily and safely accomplished at the North facility.

The North Knoxville Medical Center is located right next to Interstate 75, a major North-South conduit to Knoxville from upper Tennessee and Kentucky. There are many residents in those areas that would be able to have diagnostic cardiac and vascular procedures at the North facility if a catheterization lab is approved.

I wish to thank you in advance for taking these factors into consideration. I respectively request that you approve the application put forth by Tennova.

Regards,

This document/is electronically signed by Russell Rotondo, M.D., FACC

02/07/2013

Russell E. Rotondo, M.D. FACC

RER:tkc

DD 02/07/2013

DT: 02/08/2013

DR: 02/07/2013

LTR



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February 7, 2013

Ms. Melanie Hill Executive Director Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L Parks Blvd. Nashville, TN 37243

Re: Tennova Heathcare's application for Cardiac Catheterization Laboratory at North Knoxville Medical Center

Dear Ms. Hill:

I am a cardiologist working in Knoxville, Tennessee associated with the Tennova Health System. I have been here for 20 years. I spend a fair amount of time in the North Knoxville Medical Center. Patients come from LaFollette and Jellico, Scott County and Anderson County. They even come down from Middlesboro, Kentucky to this medial center. They prefer to have their services done in the Powell area if possible. I would therefore ask that you consider approval of the cardiac catheterization laboratory at North Knoxville Medical Center. I would love to be able to provide this service to these patients I have been seeing for many years. It would be more convenient for them and, I feel, a benefit to the whole community.

Thank you for your consideration in this matter.

Regards,

Stephen D Hoadley, MD, FACC

SDH/kkg

CC: Jeff Potter, Tennova



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February 7, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L Parks Blvd.
Nashville, TN 37243

Re: Tennova Heathcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

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As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards,

Robert O Martin, MD, FACC

ROM/kkg

CC: Jeff Potter, Tennova



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Timothy Ballard, APN, MSN, ACNP R. Eric Dickenson, PA-C Stephen Miller, APN, MSN, ACNP Jeffrey Nitz, PA-C

February 7, 2013

Ms. Melanie Hill, Executive Director Tennessee Health Services and Developmental Agency Frost Building, 3rd Floor 161 Rosa L. Parks Boulevard Nashville, Tennessee 37243

RE: Tennova Healthcare's Application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

As a member of East Tennessee Heart Consultants I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Center's application for cardiac catheterization services. We provide cardiology services to patients at that medical center. Many of our patients reside in areas that would be serviced by that hospital, including those in Campbell, Union, Claiborne and Scott Counties. Having these services available to them in that location would certainly facilitate their care in an area that is more easily accessible to them. The hospital is located in a growing area of Knox County as well and I believe it would be helpful for the people who reside in that area to have access to a hospital with a more extensive variety of services available to them.

I appreciate your taking the time to consider the needs of the patients which we serve. I hope that you will view the application for this service favorably.

With warmest regards.

Sincerely yours,

Barry I. Michelson, M.D., FACC

BIM :tkc

DD 02/07/2013

DT: 02/08/2013

DR: 02/07/2013

LTR



Knoxville HMA Cardiology PPM, LLC

H.L. Bishop, M.D., FACC R.R. Blakeley, M.D., FACC D.A. Cox, M.D., FACC J.S. DeLeese, M.D., FACC C.T. Doiron, M.D., FACC M.T. Foster, M.D., FACC S.D. Hoadley, M.D., FACC L.D. Hookman, M.D., FACC W.C. Lindsay, M.D., FACC R.O. Martin, M.D., FACC R.R. McBride, M.D., FACC K.W. McCoy, M.D., FACC R.S. Mehta, M.D, FACC B.I. Michelson, M.D., FACC

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February 7, 2013

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Re: Tennova Heathcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

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As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards

Harry L Bishop, MD, FACC

HLB/kkg

CC: Jeff Potter, Tennova



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February 7, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L Parks Blvd.
Nashville, TN 37243

Re: Tennova Heathcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

As a cardiologist member of East Tennessee Heart Consultants, I would like to support Tennova Heathcare's application for North Knoxville Medical Center's Cardiac Catheterization Services. I provide cardiology services to patients at North Knoxville Medical Center. Currently, several diagnostic tests including transesophageal echocardiogram, direct current cardioversion, pacemaker implantation, and routine diagnostic cardiac catheterization must be transferred to Physicians Regional Medical Center for these services and then transferred back to North Knoxville Medical Center for completion of their care. Not only is this inconvenient and expensive, it puts the patient at some risk in their transportation. It would be a much better situation to be able to treat these patients at a location that is accessible and familiar to them as well as improving their safety.

Because of its location in North Knoxville adjacent to Interstate-75, North Knoxville Medical Center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in the rural counties north of Knox County extending to the Kentucky border. It is important for our patients to have access to the services they need and diagnostic cardiac catheterization is a key step in further development of the hospital's services for these patients.

Ms. Melanie Hill February 7, 2013 Page 2 of 2

Your careful consideration of the application for Cardiac Catheterization Services is greatly appreciated. I ask that you support this application with your approval. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Kyle W McCoy, MD, FACC

KWM/kkg

CC: Jeff Potter, Tennova



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02/07/2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
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As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards,

Cc:

Christian Stauber, M.D.

Jeff Potter, Tennova Melanie Robinson, Tennova

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02/07/2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd
Nashville, TN 37243

Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. Because of its location close to I-75, North Knoxville Medical Center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular surgery is a key step in the further development of the hospital's services.

As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards,

Dragos Munteanu, M.D.

Cc: Jeff Potter, Tennova



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Regards,

Cc:

አa¢k Benhayon, M.D.

Jeff Potter, Tennova Melanie Robinson, Tennova

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Regards,

Scott Oberlin, M.D.

Cc: Jeff Potter, Tennova



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Tennessee Health Services and Development Agency
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Cc:

David Buckner, M.D.

Jeff Potter, Tennova Melanie Robinson, Tennova

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02/07/2013

Ms. Melanie Hill **Executive Director** Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Blvd Nashville, TN 37243

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Justin Frey, Site Manager

Cc:

Jeff Potter, Tennova

Felix Chalty, D.O.

Regards,



Michael Brunson, M.D.
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2013 FEB 11 AM 10: 05

02/07/2013

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Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

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Dunan, MX

Regards,

Cc:

Michael Brunson, M.D.

Jeff Potter, Tennova



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Executive Director
Tennessee Health Services and Development Agency
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Cc:

Monte Hall, M.D.

Jeff Potter, Tennova

Melanie Robinson, Tennova

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February 7, 2013

2013 FEB 12 AM 9 38

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Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd
Nashville, TN 37243

Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application Cardiac Catheterization Services. As a businessperson in the Powell community, it is very important that the hospital can provide a full range of services to the community. For many people, this is the closest hospital to their home or work, and yet for a critical service such as cardiac catheterization, we must travel to a hospital further away and less familiar.

I am a Financial Advisor In the community and many of my clients are patrons of your facility. Also, given an emergency, I would like to be assured that my dear friends and clients could be taken to the nearest facility, and receive the best care available.

As a concerned member of the community and a supporter of the hospital, I strongly support this application.

Sincerely,

Noell Seagle Lewis, Financial Advisor



Richard A. Antonucci, MD Yi Feng, MD Hesamm Gharavi, MD Ross E. Kerns, MD Mitchell D. Martin, MD St. Mary's North 7551 Dannaher Lane Powell, TN 37849 Phone: 865-637-9330

Fax: 865-859-7222 2013 FEB 12 AC The Tower At Parkwest 9430 Park West Blvd., Suite 120 Knoxville, TN 37923 Phone: 865-693-2255

Fax: 865-691-7888

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Regards,

Richard Antonucci, MD

Tennessee Cancer Specialists

Cc:

Jeff Potter, Tennova



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Regards,

Ross Kerns, MD

Tennessee Cancer Specialists

Cc:

Jeff Potter, Tennova



Knoxville HMA Cardiology PPM, LLC

2013 FF8 14 AN 10: 14

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Phone: 865-525-6688, Fax: 865-525-0245
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Phone: 865-470-2273, Fax: 865-693-1163

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J.D. Minardo, M.D., FACC W.J. Minteer, M.D., FACC S.W. Reed, M.D., FACC R.E. Rotondo, M.D., FACC J.A. Ternay, M.D., FACC R.D. Towne, M.D., FACC C.B. Treasure, M.D., FACC

Timothy Ballard, APN, MSN, ACNP R. Eric Dickenson, PA-C Stephen Miller, APN, MSN, ACNP Jeffrey Nitz, PA-C

February 7, 2013

Ms. Melanie Hill, Executive Director Tennessee Health Services and Developmental Agency Frost Building, 3rd Floor 161 Rosa L. Parks Boulevard Nashville, Tennessee 37243

RE: Tennova Healthcare's Application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I am a cardiologist with East Tennessee Heart Consultants and provide cardiac care to the citizens of east Tennessee and neighboring areas at Tennova Physician's Regional Medical Center and Tennova North Knoxville Medical Center. The North Knoxville Medical Center facility has applied for cardiac catheterization services. As a practicing cardiologist at that facility, I believe having a diagnostic catheterization lab will provide a needed service to the patients from North Knoxville and beyond and will enhance their care. At present, we have to transfer patients to the Physician's Regional Medical Center or Tennova Turkey Creek Medical Center for any invasive diagnostic cardiac or vascular testing, much of which could be easily and safely accomplished at the North facility.

The North Knoxville Medical Center is located right next to Interstate 75, a major North-South conduit to Knoxville from upper Tennessee and Kentucky. There are many residents in those areas that would be able to have diagnostic cardiac and vascular procedures at the North facility if a catheterization lab is approved.

I wish to thank you in advance for taking these factors into consideration. I respectively request that you approve the application put forth by Tennova.

Regards,

This document is electronically signed by Russell Rotondo, M.D., FACC

02/07/2013

Russell E. Rotondo, M.D. FACC RER:tkc DD 02/07/2013

DT: 02/08/2013

DR: 02/07/2013

ĻTR



Internal Medicine Associates of Knoxville

a division of
Summit Medical Group, PLLC
2013 FEB -8 M 9: 38

February 4, 2013

John R. Nelson, M.D., F.A.C.P., Retired J. Davis Allan, M.D. Robert C. Alley, M.D. Amy E. Bentley, M.D., F.A.C.P. Larry C. Brakebill, M.D., F.A.C.P. Miriam Brandon, M.D. David C. Durbin, M.D. Cassandra F. Gibbs, M.D. James C. Griffin, II, D.O. M. Douglas Leahy, M.D., M.A.C.P. Stephen P. Lorino, M.D. Gerald L. Mancebo, M.D., F.A.C.P. Peter J. Ochoa, M.D. N. Lynne Taylor, M.D., F.A.C.P. John F. Vannoy, M.D. B. David Wooten, M.D., F.A.C.P.

Douglas H. Luttrell, FNP Elizabeth A. Gager, FNP

Joanne Kennedy, CMPE Administrator

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
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Nashville, Tn. 37243

RE: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

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As a physician treating patients on the North Knoxville Medical Center campus, I strongly support this application and encourage the Tennessee Health Services and Development Agency to approve the application. I appreciate the time you are taking to carefully consider the needs of not only our patients but the patients Tennova serves in North Knoxville.

Sincerely,

Stephen P. Lorino, M.D.

Internal Medicine Associates

7557B Dannaher Way Suite 225 Powell, Tennessee 37849 Phone (865) 546-9751 Fax (865) 362-6680 www.summitmedical.com cc: Jeff Potter, Tennova

Ms. Melanie Hill Executive Director Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Blvd Nashville, TN 37243

Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. As a resident and elected official of Anderson County, it is very important that the hospital can provide a full range of services to the community. For many people, this is the closest hospital to our homes, and yet for a critical service such as cardiac catheterization, we must travel to a hospital farther from home and less familiar.

As being an A.C. Commissioner representing the 4th District, which encompasses much of the north end of Anderson County, and being an employer in this area, I can realize the many opportunities to having a full service hospital within such close proximity to my district. A hospital that offers a full range of healthcare services, that is 15 minutes away, could have an economic impact on our community due the hospital's influence on potential industrial growth. Also, the outreach and utilization of the hospital for our residents and neighboring counties would be a valued asset due to our need for healthcare services.

As a concerned member of the community and a support of the hospital, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards,

Timothy H. Isbel

A.C. Commissioner, District 4

Cc: Jeff Potter, Tennova

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd
Nashville, TN 37243

Re: Tennova Healthcare's application for Cardiac Catheterization Services at North Knoxville Medical Center

Dear Ms. Hill:

I would like to encourage the Tennessee Health Services and Development Agency to approve North Knoxville Medical Center's application for Cardiac Catheterization Services. Because of its location close to I-75, North Knoxville Medical Center is the most convenient and accessible hospital for those patients who live on the far north side of Knox County or in rural counties to the north of Knox County. It is important that our patients have access to the services they need, and diagnostic cardiac catheterization and vascular procedures are a key step in the further development of the hospital's services.

As a physician located on and treating patients at the North Knoxville Medical Center campus, I strongly support this application. I appreciate the time you are taking to carefully consider the needs of these patients.

Regards,

Tom Gallaher, M.D.

Cc: Jeff Potter, Tennova